



PRESCOTT TOWN COUNCIL
AGENDA

February 16, 2021

6:00 pm

Virtual Meeting

Our Mission:

To provide responsible leadership that celebrates our achievements and invests in our future.

Pages

1. Call to Order

2. Approval of Agenda

Recommendation

That the agenda for the Council meeting of February 16, 2021, be approved as presented.

3. Declarations of Interest

4. Presentations

5. Delegations

6. Minutes of the previous Council meetings

6.1. Council Minutes - February 1, 2021

1

Recommendation

That the Council minutes of February 1, 2021, be accepted as presented.

7. Communications & Petitions

8. Consent Reports

All matters listed under Consent Reports are to be considered routine and will be enacted by one motion. Should a member wish an alternative action from the proposed recommendation, the member shall request that the item be moved to the applicable section of the agenda.

Recommendation

That all items listed under the Consent Reports section of the agenda be accepted as presented.

8.1. Council Information Package (under separate cover)

8.2. Staff Report 14-2021 - Financial Policy Approvals

9

Recommendation

That Council approve the Tangible Capital Asset Policy and the Wastewater Treatment Plant – Reserve Fund Policy.

8.3. Staff Report 15-2021 - Joint Services Committee - Agreement Update

47

Recommendation

That the Corporation of the Town of Prescott agrees to amend the Joint Operating Agreement for the Leeds and Grenville Joint Services Committee by deleting Section 2.9; and

That the By-law be brought forward to the Council meeting of March 1, 2021, for final review and consideration.

9. Committee Reports

10. Mayor

11. Outside Boards, Committees and Commissions

12. Staff

12.1. Staff Report 16-2021 - Information Items - February 1, 2021

52

Recommendation

For information.

12.2.	Staff Report 17-2021 - Draft Encroachment Agreement - 254 King Street West - Seaway Valley Pharmacy	56
	Recommendation	
	That Council approve the encroachment agreement for 254 King Street West, subject to the conditions outlined in report 17-2021; and	
	That the By-law be brought forward to the Council meeting of March 1, 2021, for final review and consideration.	
12.3.	Staff Report 18-2021 - Draft Encroachment Agreement - 232 King Street West - Zens Inn	64
	Recommendation	
	That Council approve the encroachment agreement for 232 King Street West, subject to the conditions outlined in report 18-2021; and	
	That the By-law be brought forward to the Council meeting of March 1, 2021, for final review and consideration.	
12.4.	Staff Report 19-2021 - Digital Main Street Program Extension Opportunity & Update	72
	Recommendation	
	That Council approve a one-month extension to the Digital Main Street Program Coordinator position and subsequent funding support through the Grenville CFDC Community Economic Development Funding Program, for the period of March 1 to March 31, 2021.	
12.5.	2021 Budget Presentation: Revenue, Fees, and Taxation	76
12.6.	2021 Project Prioritization	99
13.	Resolutions	
14.	By-laws	
15.	New Business	
16.	Notices of Motion	
17.	Mayor's Proclamation	
18.	Closed Session	

Recommendation

That Council move into Closed Session at _____ to address matters pertaining to:

18.1 HR Matters

- Under Section 239(d) of the *Municipal Act* - labour relations or employee negotiations; and

18.2 Purchase & Sale

- Under Section 239(c) of the *Municipal Act* - a proposed or pending acquisition or disposition of land by the municipality or local board; and

18.3 Board Appointments

- Under Section 239(b) of the *Municipal Act* - personal matters about an identifiable individual, including municipal or local board employees; and

18.4 Approval of Closed Session Minutes; and

That the CAO/Treasurer, Clerk, Interim Director of Operations, and Deputy Clerk remain in the room.

19. Rise and Report**20. Confirming By-Law – 07-2021**

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Recommendation

That By-Law 07-2021, being a by-law to confirm the proceedings of the Council meeting held on February 16, 2021, be read and passed, signed by the Mayor and Clerk, and sealed by the seal of the Corporation.

21. Adjournment



PRESCOTT TOWN COUNCIL

MINUTES

Monday, February 1, 2021

6:00 p.m.

Virtual Meeting

Present Mayor Brett Todd, Councillors Leanne Burton, Teresa Jansman, Lee McConnell, Mike Ostrander, Gauri Shankar, and Ray Young

Staff Matthew Armstrong, CAO/Treasurer, Lindsey Veltkamp, Director of Administration/Clerk, Nathan Richard, Interim Director of Operations, Kaitlin Mallory, Deputy Clerk, Dana Valentyne, Economic Development Officer, and Shawn Merriman, Manager of Building & Bylaw

1. Call to Order

Mayor Todd called the meeting to order at 6:05 p.m.

2. Approval of Agenda

Motion 25-2021: Ostrander, Burton

That the agenda for the Council meeting of February 1, 2021 be approved as presented.

Carried

3. Declarations of Interest – None

4. Presentations – None

5. Delegations – None

6. Minutes of the previous Council meetings

6.1 Council Minutes - January 18, 2021

Motion 26-2021: Young, Ostrander

That the Council minutes of January 18, 2021, be accepted as presented.

Carried

7. Communications & Petitions – None

8. Consent Reports

Motion 27-2021: Ostrander, Burton

That all items listed under the Consent Reports section of the agenda be accepted as presented.

Carried

8.1 Council Information Package (under separate cover)

1. Prescott Emergency Management Control Group Minutes – January 15, 2021
2. Police Services Board Minutes – November 26, 2020
3. Police Services Board OPP Report - November 2020
4. Police Services Board OPP Report – December 2020
5. Volunteer Centre of St. Lawrence-Rideau Request re: Fire Hydrants with Personality
6. Leeds, Grenville and Lanark Board of Health Meeting Summary – January 21, 2021
7. United Counties of Leeds and Grenville Notice of Adoption By-law Amendment No.1 to Official Plan
8. Township of Augusta Media Release re: Appointment of new Chief Administrative Officer
9. Township of Augusta Resolution re: Reversal of Ontario Fire College Closure
10. Township of Leeds and the Thousand Islands Resolution of Support of Town of Prescott re: funding for Charities, Community Groups and Service Clubs
11. United Counties of Stormont, Dundas & Glengarry Resolution of Support re: Small Business Re-opening
12. Township of South Stormont Resolution of Support re: the re-opening of Small Businesses

13. Municipality of Southwest Middlesex Resolution of Support re: Municipal Drainage matters and need for coordination with Canadian National Railway
14. Municipality of West Nipissing Resolution of Support of Southwest Middlesex re: Municipal Drainage Matters and need for coordination with Canadian National Railway
15. City of Port Colborne Resolution of Support of Southwest Middlesex re: Municipal Drainage Matters and need for coordination with Canadian National Railway
16. City of Port Colborne Resolution of Support re: Amending the Tile Drainage Installation Act
17. City of Port Colborne Resolution of Support re: Amending the AGCO Licensing and Application Process for Cannabis Retail Stores to consider Radial Separation
18. City of Port Colborne Resolution of Support re: Unlicensed and Unmonitored Cannabis Grow Operations
19. Perth County Letter of Support re: Resolution to Extension of Grant Application Deadlines
20. Municipality of Grey Highlands Resolution of Support re: Increased Municipal Insurance Rates
21. Township of Matachewan Resolution of Support re: Future Grant Application Deadlines
22. Township of South-West Oxford Resolution of Support re: Automatic Speed Enforcement by Municipalities
23. Municipality of Mississippi Mills Resolution of Support of Wollaston Township re: request for Ministry of Municipal Affairs and Housing to review the Municipal Elections Act
24. Town of Bracebridge Ratified Motion re: Infrastructure Funding
25. Township of North Glengarry Resolution of Support re: the re-opening of Small Businesses

Councillor McConnell spoke to Item 5 – Volunteer Centre of St. Lawrence-Rideau Request re: Fire Hydrants with Personality, Item 9 – Township of Augusta Resolution re: Reversal of Ontario Fire College Closure, Item 13 – Municipality of Southwest Middlesex Resolution of Support re: Municipal Drainage matters and need for coordination with Canadian National Railway, Item 19 – Perth County Letter of Support re: Resolution to Extension of Grant Application Deadlines, Item 20 – Municipality of Grey Highlands Resolution of Support re: Increased Municipal Insurance Rates, and Item 24 – Town of Bracebridge Ratified Motion re: Infrastructure Funding.

8.2 Staff Report 10-2021 - By-Law Enforcement Activity within the Town of Prescott - January 1 through December 31, 2020

Recommendation:
For information.

8.3 Staff Report 11-2021 - Construction Activity in the Town of Prescott - January through December 2020

Recommendation:
For information.

9. Committee Reports – None

10. Mayor

Mayor Todd spoke to his attendance at the Eastern Ontario Mayors Caucus which took place on January 28, a Joint Services Meeting with the City of Brockville, the Town of Gananoque, and Town of Prescott and an upcoming Joint Services meeting with the United Counties of Leeds and Grenville. He referenced his attendance at a meeting with the CAO and Mayor of the Township of Augusta and the status of the Economic Development Strategic Plan and scheduling a meeting for the Joint Collaborative Economic Task Force.

Mayor Todd spoke further to his attendance at the Leeds, Grenville and Lanark Board of Health meeting which took place on January 21, the Housing Affordability Task Force meeting which took place on January 20, and a meeting with Parks Canada.

11. Outside Boards, Committees and Commissions

Councillor Burton spoke to her attendance at the virtual ROMA conference which took place on January 25 and 26.

Councillor McConnell spoke to the Prescott Public Library's current hours, and upcoming Walker House virtual tours.

Councillor Ostrander spoke to his attendance at the Prescott Police Services Board meeting held on January 21, and a recent Connect Youth meeting.

Councillor Shankar spoke to the increased OPP presence in town addressing speeding concerns.

Councillor Young spoke to his attendance at a recent meeting of the St. Lawrence Lodge Committee of Management.

12. Staff

12.1 Staff Report 12-2021 - 2021 Census of Population

Motion 28-2021: McConnell, Burton

That the Corporation of the Town of Prescott supports the 2021 Census and encourages all residents to complete their census questionnaire online at www.census.gc.ca. Accurate and complete census data support programs and services that benefit our community; and

That staff issues a Media Release and promotes the 2021 Census further on the Town's social media outlets.

Carried

12.2 Staff Report 13-2021 - EOLC Commuter Pilot Application Update

Motion 29-2021: Jansman, Shankar

That Council direct Staff to submit a proposal to the Eastern Ontario's Leadership Council for a commuter service from Brockville to Cardinal in partnership with the City of Brockville, Township of Augusta, and the Township of Edwardsburgh Cardinal.

Carried

Matthew Armstrong, CAO/Treasurer, spoke to the report. He referenced the public feedback received from the commuter service survey that was sent out to businesses along the County Road 2 route in Augusta, Edwardsburgh Cardinal, and Prescott. He outlined the timelines established for the pilot project, the financial implications, and the project funding.

Discussion was held regarding the pilot program, the implementation of the pilot project, continued partnerships between neighbouring municipalities, and the impact the pandemic may have on the success of the program, based on ridership.

12.3 2021 Budget Presentation: Environmental and Water & Wastewater

Matthew Armstrong, CAO/Treasurer, spoke to the PowerPoint presentation. A copy of the presentation is held on file.

Discussion was held regarding the current unit price per tonne of solid waste, the increase in the amount of household waste during the pandemic, the costs associated with waste disposal, and the continued communication with residents of acceptable recyclables.

Mr. Armstrong, CAO/Treasurer, spoke to the Water & Wastewater budget.

Discussion was held regarding past debt payment amounts, the amounts going into reserves, and that the budget did not include any new developments in Edwardsburgh Cardinal or Augusta.

13. Resolutions – None

14. By-laws

14.1 Animal Control By-Law

Motion 30-2021: Shankar, Ostrander

That By-Law 05-2021, being a by-law to provide for the licensing and registering of animals and prohibiting their running at large, for regulating kennels and to regulate the keeping of animals in the Town of Prescott, and;

That By-Law 05-2021 be phased in over the calendar year of 2021 and implemented on January 1, 2022, be read and passed, signed by the Mayor and Clerk, and sealed by the seal of the Corporation.

Carried

Matthew Armstrong, CAO/Treasurer, spoke to the by-law. He stated that changes had been made based on the feedback from Council at the previous meeting.

Shawn Merriman, Manager of Building and By-law, referenced responsible pet ownership and the updated fee schedule outlined in the by-law.

Discussion was held regarding the concept of control, if the response time for owners to claim pets should be increased from five days, and dogs identified as aggressive being prohibited at the public dog park.

Further discussion was held regarding delaying the implementation of the new the by-law to January 1, 2022, and that the remainder of the 2021 calendar year would be used to educate residents of the new changes to the by-law.

15. New Business – None

16. Notices of Motion – None

17. Mayor's Proclamation – None

18. Closed Session

Motion 31-2021: Shankar, Young

That Council move into Closed Session at 8:22 p.m. to address a matter pertaining to:

18.1 Purchase and Sale

- Under Section 239(2)(c) of the *Municipal Act, 2001* - a proposed or pending acquisition or disposition of land by the municipality or local board; and

18.2 Identifiable Individual

- Under Section 239(2)(b) of the *Municipal Act, 2001* - personal matters about an identifiable individual, including municipal or local board employees; and

18.3 Approval of Closed Session Minutes

That the CAO/Treasurer, Clerk, Deputy Clerk, and Economic Development Officer remain in the room for Item 18.1; and that the CAO/Treasurer, Clerk, and Deputy Clerk remain in the room for Item 18.2 and 18.3.

Carried

Motion 32-2021: McConnell, Ostrander

That the meeting reconvene in open session. (Time: 9:06 p.m.)

Carried

19. Rise and Report

During the Closed Session Council received information and provided staff with direction on Item 18.1 – Purchase and Sale. Council also provided staff with feedback on Item 18.2 – Identifiable Individual, and accepted the minutes as presented on Item 18.3 - Approval of Closed Session Minutes.

20. Confirming By-Law – 06-2021

Motion 33-2021: Ostrander, Shankar

That By-Law 06-2021, being a by-law to confirm the proceedings of the Council meeting held on February 1, 2021, be read and passed, signed by the Mayor and Clerk, and sealed by the seal of the Corporation.

Carried

21. Adjournment

Motion 34-2021: Burton, Shankar

That the meeting be adjourned to Tuesday, February 16, 2021, at 6:00 p.m.
(Time: 9:08 p.m.)

Carried

Mayor

Clerk



		Date Req'd
Information Purposes		
Policy / Action Req'd	X	Feb. 16 '21
Strategic Plan		

STAFF REPORT TO COUNCIL

Report No. 14-2021

Date: February 16, 2021

From: Matthew Armstrong, Chief Administrative Officer and Treasurer

RE: Financial Policy Approvals

Recommendation:

That Council approve the Tangible Capital Asset Policy and the Wastewater Treatment Plant – Reserve Fund Policy.

Background

Draft copies of the Tangible Capital Asset Policy and the Wastewater Treatment Plant – Reserve Fund Policy were tabled at the Council meeting of January 18, 2021. There has been no additional feedback received to date. Therefore, the attached policies are being recommended for Council approval.

Alternatives

Council may wish to change the policy or defer it at this time.

Financial Implications

None

Attachments:

Tangible Capital Asset Policy

Wastewater Treatment Plant – Reserve Fund Policy



		Date Req'd
Information Purposes		
Policy / Action Req'd	X	Feb. 16 '21
Strategic Plan		

Submitted By

Matthew Armstrong
Chief Administrative Officer & Treasurer

Finance – Tangible Capital Asset Policy

Purpose

The objective of this policy is to prescribe the accounting treatment for tangible capital assets so that users of the financial report can discern information about the investment in property, plant and equipment and the changes in such investment. The principal issues in accounting for tangible capital assets are the recognition of the assets, the determination of their carrying amounts and amortization charges, and the recognition of any related impairment losses.

In addition, the policy covers policy and procedures to:

- a) Protect and control the use of all tangible capital assets.
- b) Provide accountability over tangible capital assets.
- c) Gather and maintain information needed to prepare financial statements.

Scope

This policy applies to all Town departments, boards and commissions, agencies and other organizations falling within the reporting entity of the Town of Prescott.

Guiding Principles

Definition of an Asset

Accounting Standard

The Public Sector Accounting Handbook contains the following definitions:
Financial Statement Concepts, Section PS 1000:

Assets are economic resources controlled by a government as a result of past transactions or events and from which future economic benefits may be obtained. (PS 1000.35)

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- a) are normally employed to deliver government services;*
- b) may be consumed in the normal course of operations; and*
- c) are not for sale in the normal course of operations. (PS 1000.42)*

Tangible Capital Assets, Section PS 3150:

Finance – Tangible Capital Asset Policy

Tangible capital assets are non-financial assets having physical substance that:

- a) are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- b) have useful economic lives extending beyond an accounting period;
- c) are used on a continuing basis; and
- d) are not for resale in the ordinary course of operations. (PS 3150.05)

Application of Standard PS 3150

Before an item is recognized as a tangible capital asset for financial reporting purposes, it must satisfy two criteria:

1. It must satisfy the definition of a tangible capital asset.
2. It must have a cost or other value that can be reliably measured.

Some of the key elements of the definition of tangible capital assets include:

- They are economic resources controlled by a local government.
- They result from past transactions or events.
- They embody future economic benefits that are expected to be realized.
- They are held for own use on a continuing basis and not for resale in the ordinary course of business.
- They have economic lives extending beyond the accounting period.

Finally, items whose value is not measurable or reasonably estimable cannot be recognized within the financial statement totals.

Concept of Control

The concept of control of an asset's economic benefit is a key issue in determining whether that asset should be reported in the financial statements of a local government. For example, in some provinces, local governments do not have title to the roads and highways within their jurisdiction. Ownership and control are not synonymous, however. An analogous situation is a capital lease. A local government may not have title to a particular asset, but the asset is recognized in its financial statements because the economic benefits substantially accrue to that local government. Other situations may involve public/private partnerships (e.g., build, own, operate partnerships). To determine whether a local government should be reporting an asset, it is necessary to look to the indicators of control:

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- Is the local government the beneficiary of future economic benefits from the asset?
- Do the terms and conditions of legislation or a contract transfer substantially all benefits and risks incident to ownership to the local government?
- Is the local government responsible for the asset's performance, availability and maintenance?
- Is the local government responsible for renewal and replacement of the asset?
- Does the local government bear all risk of obsolescence, environmental liability, uninsured damage or condemnation of the asset?
- Has the local government been using the asset on a continuing basis in the production or supply of goods and services?
- Have third parties made significant use of the asset but the local government is able to restrict such use?
- Is the local government responsible for the construction costs of the asset and the financial or other implications of cost and time overruns caused by events outside of its control during the construction period, or subsequent warranty repairs?

Computer Hardware and Software

The scope paragraph of PS 3150 classifies computer hardware and software as tangible capital assets. There may be a perception that software is an intangible capital asset as it lacks physical substance. Software is included as a tangible capital asset because it is what permits computer hardware to operate. Its cost is directly attributable to installing the hardware in the condition necessary for its intended use.

Works of Art and Historical Treasures

Works of art and historical treasures would not be recognized as tangible capital assets under PS 3150. It is not possible to estimate the future economic benefits associated with such property. It is normally the intention of local governments to maintain and preserve them indefinitely because of their unique historical and cultural attributes. In many cases, it is not even possible to put a value on these types of assets – they are priceless. While some art work and historical treasures can be duplicated, they can not be replaced. Duplicates would rarely have the same intrinsic value as the original.

The existence of such property should be disclosed in the notes to the financial statements. Expenditures for preservation, cleaning and restoration that are implicit with works of art and historical treasures should be expensed in the period incurred.

Measurement of Assets

Accounting Standard

Finance – Tangible Capital Asset Policy

PS 3150 requires that:

Tangible capital assets be recorded at cost. (PS 3500.09)

Why Historical Cost?

From a public sector perspective, many have indicated that using historical cost is meaningless, particularly given the long-lived nature of infrastructure assets. There are basically three arguments against using historic cost:

1. Conventional historical cost accounting does not produce meaningful performance measurements in times of changing prices and money values.
2. Because infrastructure needs to be replaced on an ongoing basis, the costs of using infrastructure should reflect its current cost, rather than an allocation based on historic costs. Historic cost may not provide the most relevant information for decision makers.
3. Engineers would argue that what is meaningful is replacement cost as this is what should be budgeted to replace assets. It also acts as a gauge for measuring required expenditures for maintenance and renewals against actual expenditures.

One can argue that, at acquisition, the cost of an asset equals its current cost and fair value. Subsequent to acquisition, however, there are basically three measurement options for valuing tangible capital assets:

1. historical cost;
2. replacement cost (i.e., current cost); and
3. fair value (i.e., market value).

Different values are used to support different decisions. For example, fair value is generally used when selling an asset. Replacement value may be used for insurance purposes or in a budgeting exercise to estimate financing requirements. Historical cost is used for accountability and costing.

There are pros and cons to the various measurement bases.

Because accounting is "transaction based," the primary measurement for both assets and liabilities is the value at the time they were acquired, developed or constructed. Historical cost accounting is, therefore, objective and reliable because it is based on bargained transactions. It avoids the uncertainties of using another measurement basis.

A replacement cost basis measures the value of a tangible capital asset at the current cost of replacing the asset. Such costs would reflect alternative uses for assets and are the current economic costs of obtaining similar service potential. The advantage claimed for accounting on

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a replacement cost basis is that it provides a realistic and understandable value for reported assets. This would be particularly true for long-lived tangible capital assets as the related charge to operations for amortization would have a current value corresponding to the values of other items (such as revenues) in the operating statement. Some view it as particularly useful for setting funding aside for the eventual replacement of the asset.

Fair value is the value of an asset based on the price that would be agreed on in an open and unrestricted market between fully informed, knowledgeable and willing parties dealing at arms length without constraint. The benefits of using fair values for assets are the same as using replacement value. There may not be an active market for certain tangible capital assets, however, making the application of fair value difficult. Without an active market, surrogate methods to determine fair values increases the extent of judgment required in preparing financial statements.

While there may be merit in using some other basis for the purposes of funding the replacement of a tangible capital asset, the continued use of historical cost accounting is appropriate. It is reliable in that the information agrees to the actual transaction and events to which it relates, can be independently verified and is reasonably free from error or bias. It also provides a consistent, verifiable foundation for management to make estimates of future replacement costs or market value. Historical cost has been generally accepted by standard setters around the world, its application is well understood and it is still the preferred method of accounting for tangible capital assets.

Measurement of Cost

Cost is the gross amount of consideration given up to acquire, construct or develop a tangible capital asset. Gross cost includes all costs “directly attributable” to the acquisition, construction or development of the tangible capital asset. This includes installing the asset at the location and in the condition necessary for its intended use. Examples of directly attributable costs are:

- costs of site preparation;
- initial delivery and handling costs;
- installation and assembly costs;
- costs of testing that the asset is functioning properly prior to or during installation; and
- professional fees.

The term “directly attributable” is the key to determining whether a cost can be allocated to a tangible capital asset. For example, the salary, wages and benefits of the staff of a design department that are directly related to completing engineering drawings for a constructed asset could be allocated to the gross cost of that asset. Allocation of a portion of fixed costs (e.g., occupancy costs or general administrative overheads associated with a City Engineer’s office, etc) is not generally considered a directly attributable cost.

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If two or more assets are acquired for a single purchase price, it is necessary to allocate the purchase price to the various assets acquired based on the fair value of the assets at the time of acquisition. The most common example would be the purchase of land and improvements. If the fair value of the components is not readily available, other proxies may be used, such as assessed values for property tax purposes, values of similar properties or estimated reproduction/replacement costs. One could also look at market values of similar components, such as the sale price of vacant land.

A local government may acquire a property, parts of which it does not intend to use. For example, there may be buildings on land acquired for park purposes that will be demolished. In this case, the total purchase price, plus any costs net of proceeds of demolition, would be allocated to the land. Similarly, a local government may acquire a property knowing that it may require expenditures to bring it to a condition where it is ready for use (e.g., environmental remediation). The cost of the asset would include any subsequent expenditures provided they do not exceed the fair value of the asset.

Spare parts and servicing equipment are usually carried as inventory and recognized as an expense as consumed. Major spare parts and standby equipment may, however, qualify as tangible capital assets when a local government expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only with a tangible capital asset and their use is expected to be irregular, they can be accounted for as tangible capital assets and amortized over a period not exceeding the useful life of the related asset.

Grants and Donations

Local government often receive grants from senior level local governments or donations toward the acquisition cost of an asset. The arrangements may provide total or partial reimbursement of that cost. For example, a local government may receive a provincial grant and donations from community groups toward the cost of constructing a community centre.

The definition of cost precludes the netting of capital grants or donations against the cost of the asset. In fact, Standard PS 3150 specifically states that grants are not netted against the cost of the tangible capital asset.

Capitalization of Interest Costs

Interest expense may be attributed to the gross cost of an asset when a local government's policy is to capitalize interest costs. The local government's policy must be consistently applied across all asset categories, for example, to building, sewer and water construction projects alike.

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A number of restrictions have been placed on capitalizing carrying costs. Carrying costs incurred while land acquired for building purposes is held without any associated construction or development activity do not qualify for capitalization. Capitalization of carrying costs also ceases when a tangible capital asset is ready for use in producing goods or services. A tangible capital asset is normally ready for productive use when the intended acquisition, construction or development is substantially complete. Determining when a tangible capital asset, or a portion of it, is ready for productive use requires consideration of the circumstances in which it is to be operated. Normally, a local government would look at factors such as productive capacity, occupancy level or the passage of time to make such a determination.

Donated or Contributed Assets

Local governments may receive contributions of tangible capital assets. For example, tangible capital assets may be transferred from senior levels of government at no or nominal cost. Frequently, development agreements require developers to provide tangible capital assets such as roads, sidewalks and street lighting.

Donated or contributed assets meet the criteria for recognition as tangible capital assets because they embody an expected future economic benefit that a local government will control. The past transaction or event that allows the local government control of the economic benefit is the transfer of the asset. As with a purchased asset, the cost of using a contributed asset over time should be reported in the financial statements. Recording donated or contributed assets will provide complete information about the cost of services and enhance comparability of financial results both within and among local governments and ensure taxpayers understand the full cost of services being provided.

The difficulty with donated or contributed assets is determining the appropriate value at which to record them. PS 3150 states that the cost of a donated or contributed asset is considered equal to its fair value at the date of contribution. Fair value is the amount of the consideration that would be agreed on in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Given the nature of some tangible capital assets, there may not be an active market for them. PS 3150 states that fair value of a contributed tangible capital asset may be estimated using market or appraisal values. In some circumstances, cost may be determined by an estimate of replacement cost. In unusual circumstances, where it is impossible to estimate its fair value, the tangible capital asset would be recognized at nominal value.

Where a contribution involves “bundled” assets, a cost must be allocated to each individual asset. For example, the roadways, curbs and gutters, street lighting and sidewalks contributed by a developer may include land. It is important that the land component be identified and accounted for because it is typically not subject to amortization.

Finance – Tangible Capital Asset Policy

Single Asset and Component Approach

Many tangible capital assets, particularly complex network systems such as those for water and sewage treatment, consist of a number of components. For example, a water system includes water mains, distribution lines, reservoirs, pumping stations, filtration and treatment plants and service connections.

PS 3150 gives local government the option of accounting for such systems as a single asset or to treat each component as an individual asset. Whether a local government decides to record and account for each component as a separate asset will be determined by the usefulness of the resulting information to the local government and the cost versus the benefit of collecting and maintaining it.

Single Asset Approach

Under the single asset approach, the entire water system would be accounted for as one asset. As its components are replaced, they are simply expensed as repair and maintenance. Estimates of expected life and amortization are averaged for the entire system. The major advantage to the single asset approach is that it is less expensive and simpler since it does not require detailed records and estimates of expected useful lives of each of the components.

Component Approach

Under the component approach, the water system is broken down into major components. The component approach does not mean that each and every item of the water system is separately identified. A component can comprise assets of similar useful lives and consumption patterns. The major components are accounted for as separate assets. For example, it may be appropriate to group the pumps related to a certain treatment facility.

Capitalizing Upgrades and Improvements – “Betterments”

The cost of an asset will also include subsequent expenditures for “betterments.” Betterment is a cost incurred to enhance the service potential of a tangible capital asset. In general, for tangible capital assets service potential is enhanced:

- when there is an increase in the previously assessed physical output or service capacity;
- where associated operating costs are lowered;
- the useful life of the property is extended; or
- the quality of the output is improved.

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Any other expenditure would be considered a repair or maintenance and expensed in the period.

For complex, long-lived network systems, it is more difficult to distinguish between maintenance and betterment. It is not always practical to determine whether an expenditure will or will not extend an asset's useful life. The following basic distinctions can be used:

- Maintenance and repairs maintain the predetermined service potential of a tangible capital asset for a given useful life. Such expenditures are charged in the accounting period in which they are made.
- Betterments increase service potential (and may or may not increase the remaining useful life of the tangible capital asset). Such expenditures would be included in the cost of the related asset.

Whether a local government accounts on a single asset or component basis can also have an impact on the treatment of a subsequent expenditure. For example, if a local government accounts on a single asset basis for road systems, expenditures to widen the roads or add to the number of lanes expand the capacity of the road system and are clearly betterments. Expenditures on annual resurfacing programs or crack filling incurred to maintain the originally anticipated service potential of a road, or its estimated useful life, are more in the nature of maintenance (e.g., resurfacing). On the other hand, if the road system is accounted for on a component basis, where the pavement is a separate component, the expenditures on resurfacing would be treated as a betterment and the replaced pavement would be accounted for as a disposal and removed from the asset register.

Disposal

Accounting Standard

PS 3150 requires that:

The difference between the net proceeds on disposal of a tangible capital asset and the net book value of the asset should be accounted for as a revenue or expense in the statement of operations. (PS 3150.38)

Application of Standard

Disposals of tangible capital assets in the accounting period may occur by sale, trade-in, destruction, loss or abandonment. Such disposals represent a reduction in a local government's investment in tangible capital assets.

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When a tangible capital asset is disposed of, the cost and accumulated amortization are removed from the accounts. Any difference between net proceeds and the carrying amount of the asset is accounted for as a revenue or expense in the statement of operations. The value given for a trade-in is the net proceeds on disposal.

When a component of a complex network is replaced, the removal from service of the old asset is treated as a disposal. For example, if a section of a road is resurfaced, the cost and accumulated amortization of the old pavement is removed from the accounts. The difference between the salvage value and the carrying amount, if any, is reported as revenue or expense.

Deemed Disposal

Some local governments have adopted a deemed disposition policy for certain capital assets, where asset replacement may occur on a regular basis (e.g., culverts) but the administrative costs to separately track and account for each acquisition and disposal transaction would be prohibitive. In these situations, the total additions are recorded and amortized over the applicable estimated useful life. The asset is assumed or deemed to have been disposed of in the last year of its estimated useful life. At the deemed disposition, the full cost of the addition and the related accumulated amortization is removed from the accounting records.

Amortization

Accounting Standard

PS 3150 requires that:

The cost, less any residual value, of a tangible capital asset with a limited life should be amortized over its useful life in a rational and systematic manner appropriate to its nature and use by the government. (PS 3150.22)

The amortization of the costs of tangible capital assets should be accounted for as expenses in the statement of operations. (PS 3150.23)

The amortization method and estimate of the useful life of the remaining unamortized portion of a tangible capital asset should be reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated. (PS 3150.29)

A local government consumes an asset's economic benefit or service potential principally

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through the use of that asset. The amortization method should reflect the pattern in which the government consumes the tangible capital asset's economic benefits or service potential in the provision of services. Other factors, such as technical obsolescence, may also decrease an asset's economic benefit or service potential and affect its amortization rate. An amortization expense is made even if the value of the asset exceeds its carrying amount.

Estimated Useful Life

As a general rule, expected useful life is normally the shortest of the asset's physical, technological, commercial and legal life. An asset's useful life is based on its use by the local government.

PS 3150 does not provide specific guidance in this regard as it is not possible to authoritatively predetermine the useful lives of assets. In determining an asset's estimated useful life, a local government should consider its present condition, intended use, construction type and maintenance policy. It should also consider how long the asset is expected to meet service and technology demands. Useful lives should be based on the local government's own experience and plans for the assets.

For example, a local government may pave a vacant property to provide surface parking to the downtown core. The parking lot and equipment may physically be capable of providing service for 10 years but the local government expects to redevelop the property in five years to provide affordable housing to citizens. In this case, the expected future usage of the parking lot is five years. Therefore the cost, less any residual value, should be amortized over the five years.

Other factors to be considered in estimating the useful life of a tangible capital asset include:

- expected future usage;
- effects of technological obsolescence;
- expected wear and tear from use or the passage of time;
- the maintenance program;
- geological conditions;
- capacity versus actual usage
- studies of similar items retired;
- changes in demand for services; and
- condition of existing comparable items.

The deferral of maintenance can shorten an asset's estimated useful life. For example, deferral of annual pavement crack filing programs could allow water to infiltrate the road

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bed, causing deterioration and shortening of the life of the road.

Many long-lived assets, such as water mains and pipes, often need replacing well within their physical life due to road repairs, corrosion and basic weather conditions. All of these factors need to be considered when determining the estimated useful life of infrastructure.

Revising Amortization Method and Estimated Useful Life

PS 3150 requires that the method of asset amortization and estimated useful life be reviewed on a regular basis. This review is event driven. As well, before any changes are made to the amortization method or the estimate of the asset's remaining useful life, it must be clearly demonstrated that those changes are justified. PS 3150 identifies some significant events that may indicate a need to revise the amortization method or the estimate of the remaining useful life of a tangible capital asset:

- a change in the extent to which the tangible capital asset is used;
- a change in the manner in which the tangible capital asset is used;
- removal of the tangible capital asset from service for an extended period of time;
- physical damage;
- significant technological developments;
- a change in the demand for the services provided through use of the tangible capital asset;
- a change in the law or environment affecting the period of time over which the tangible capital asset can be used.

A change in an asset's amortization rate as a result of a revision of its estimated life is treated as change in the accounting estimates rather than a change in accounting policy. Under PS 2120 Accounting Changes, paragraph 27, a change in an estimate is not given retroactive effect since it arises from new information or developments. The effect of a change in the estimated useful life of a tangible capital asset and its associated effect on amortization expense are allocated to the period of revision and applicable future periods.

Disclosure Requirements and Identifying Asset Categories

Accounting Standard

PS 3150 requires that:

The financial statements should disclose, for each major category of tangible capital assets and in total:

a) cost at the beginning and end of the period;

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- b) additions in the period;*
- c) disposals in the period;*
- d) the amount of any write-downs in the period;*
- e) the amount of amortization of the costs of tangible capital assets for the period;*
- f) accumulated amortization at the beginning and end of the period; and*
- g) net carrying amount at the beginning and end of the period. (PS 3150.40)*

Financial statements should also disclose the following information about tangible capital assets:

- a) the amortization method used, including the amortization period or rate for each major category of tangible capital asset;
- b) the net book value of tangible capital assets not being amortized because they are under construction or development or have been removed from service;
- c) the nature and amount of contributed tangible capital assets received in the period and recognized in the financial statements;
- d) the nature and use of tangible capital assets recognized at nominal value;
- e) the nature of the works of art and historical treasures held by the government; and
- f) the amount of interest capitalized in the period. (PS 3150.42)

Application of Standard

An asset category groups assets of a similar nature or function in a local government's operations and is disclosed as a single item in the financial statements.

PS 3150 does not prescribe specific asset categories. Although that might improve comparability and consistency, there are simply too many variations inherent in prescribing and establishing definitions of capital asset categories.

Selection of asset categories will be specific to the nature and objectives of a particular local government. Because all local governments are not the same, neither will be their categories of capital assets. Consider the differences between a lower tier local government and an upper tier or regional local government. The types of capital assets these two levels of local government use vary considerably. Categories should be based on the best representation of a local government's capital assets. One local government may have a category for its water system that would not be appropriate for one that purchases clean water from a local government agency. In this case, the better description might be "water distribution system."

The following list, although not comprehensive or prescribed, may be a useful starting point in the identification of categories of tangible capital assets:

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- land;
- buildings;
- equipment;
- roads;
- water, sewer and other utility systems;
- bridges;
- electricity transmission networks;
- communication networks;
- motor vehicles; and
- furniture and fixtures.

In addition, a local government may decide to recognize a separate category for assets under construction or development, assets removed from service, surplus assets and assets subject to a capital lease.

Impairment of Assets

Accounting Standard

PS 3150 requires that:

When conditions indicate that a tangible capital asset no longer contributes to a government's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset should be reduced to reflect the decline in the asset's value. (PS 3150.31)

The net write-downs of tangible capital assets should be accounted for as expenses in the statement of operations. (PS 3150.32)

A write-down should not be reversed. (PS 3150.33)

Application of Standard

Two conditions could lead to a write-down of an asset.

Impairment of service potential

A write-down could be appropriate when a tangible capital asset no longer contributes to the provision of goods and services. It would also be required when a local government has no intention of continuing to use an asset in its current capacity and there is no alternative use for

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that asset. This could happen when an asset is taken out of service because it has been damaged, is technically obsolete or can not meet environmental standards. It would be written down to the asset's residual value, if any. A write-down may also be appropriate where the demand for services changes. For example, if less people use a community centre because a newer facility has been built, that may warrant a write-down of the asset.

When a local government can (a) objectively estimate a reduction in the value of a tangible capital asset's service potential and (b) has persuasive evidence that the reduction is expected to be permanent, the cost of the asset would be written down to the revised estimate of the value of the asset's remaining service potential. Where either of these conditions is not met, the asset is not written down.

Estimating the future service potential of a tangible capital asset can be challenging. International Public Sector Accounting Standard 21 Impairment of Non-cash Generating Assets gives some guidance. It states that an asset's "value in use" may determine its recoverable service amount. It defines value in use of a non-cash-generating asset as the present value of the asset's remaining service potential. The standard suggests several value-in-use methods for measuring future economic benefits:

- Depreciated replacement cost could be used to measure the present value of the remaining service potential of a non-cash generating asset. Estimated replacement cost is based on an asset with similar service potential to that currently provided by the existing asset.
- Subtracting the estimated restoration cost of the asset from the current cost of replacing its remaining service potential before impairment (usually the depreciated replacement cost). Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level.
- Reducing the current cost (usually the depreciated replacement cost) of the asset's remaining service potential before impairment to conform to the reduced number of service units expected from the asset in its impaired state.

Impairment of future economic benefits

A write-down could be appropriate when a tangible capital asset's carrying amount exceeds the value of its future economic benefits. There are a number of ways of estimating future economic benefits, including:

- Where the asset generates cash, use the estimated amount of the sum of the undiscounted cash flows (cash inflows less associated cash outflows) expected to result from its use and eventual disposition.
- Where there is an active market for the asset, use fair value less costs of disposition.

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Testing for Impairment

The requirement to test assets for impairment is typically event driven. Only when conditions indicate that an asset may be impaired is it necessary to consider whether a write-down is warranted. Conditions that may indicate a write-down include:

- A change in the extent to which the tangible capital asset is used.
- A change in the way a tangible capital asset is used.
- Significant technological developments.
- Physical damage.
- Removal of the tangible capital asset from service.
- A decline or cessation of the need for the services provided by the tangible capital asset.
- A decision to halt construction of the tangible capital asset before it is complete or in usable or saleable condition.
- A change in the law or environment affecting how the tangible capital asset can be used.

Accounting for Asset Impairment

A write-down is an adjustment to the cost of an asset. A corresponding adjustment is made to the accumulated depreciation and the net adjustment is reported as an expense in the statement of operations. This new cost should be amortized over the remaining useful life of the asset.

The following example shows how to measure and record the impairment loss resulting from a decline in the need for a tangible asset's service.

Facts: A municipality's manufacturing plant has closed, and many residents have lost their jobs. Since the closure of the plant, the community's population has dropped by 50%, from 30,000 to 15,000. This change is probably permanent. The town has a water system that originally cost \$10 million. The system was designed to service 20,000 water connections (single family households and commercial) as well as the manufacturing plant. The system had an expected useful life of 40 years and has been operated for 20 years. The municipality has used the straight-line amortization method to expense the cost of the system over its estimated useful life. The net book value of the water system is \$5.0 million. The value in use of its future service potential has been determined to be \$4.0 million.

Accounting: The write down-would be calculated as follows:

Original cost of water system		\$10,000,000
Accumulated amortization	$\$10,000,000/40 \times 20$	\$ 5,000,000

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Net book value	\$ 5,000,000
New cost of the water system*	\$ 4,000,000
Net asset impairment write-down \$5,000,000 - \$4,000,000	\$ 1,000,000

* The value in use has been based on the depreciated replacement cost of an asset that could provide water services to 10,000 residential and commercial customers.

Estimated replacement cost	\$8,000,000
Accumulated amortization (\$8,000,000/40yrs*20yrs)	\$4,000,000
Estimated future economic benefits	\$4,000,000

The cost of the water system would be written down by \$6.0 million to \$4.0 million. The accumulated amortization would be reduced by \$5.0 million and a write-down expense of \$1.0 million would be reported in the statement of operations. The new cost of the water system would be \$4.0 million, and this amount would be amortized over its remaining useful life.

Leased Assets

Accounting for Capital Leases

Leases are classified as either capital leases or operating leases. The differentiation between the two types is critical to the appropriate accounting treatment. PSG 2 Leased Tangible Capital Assets contains the following definition for distinguishing between the two types of leases:

“A leased tangible capital asset is a non-financial asset that has physical substance and a useful life extending beyond an accounting period, and is held under lease by a government for use, on a continuing basis, in the production or supply of goods and services. Under the terms and conditions of the lease, substantially all of the benefits and risks incident to ownership are, in substance, transferred to the government without necessarily transferring legal ownership.” (PSG 2, paragraph 3)

For substantially all of the benefits and risks of ownership to be transferred to the lessee, one or more of the following conditions must be met:

- There is reasonable assurance that the local government will obtain ownership of the leased property by the end of the lease term.
- During the term of the lease, the local government will receive substantially all of the economic benefits expected to be derived from the use of the leased property over its life span.
- The lessor would be assured of recovering the investment in the leased property and of earning a return on the investment as a result of the lease agreement.

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PSG 2 paragraph 6 provides further guidance on applying these conditions.

Even without those conditions, a lease may still be classified as a capital lease. It is not appropriate to focus on one factor in isolation. Each factor should be considered in terms of its relative significance to a particular lease. Other factors to consider include:

- The leased property is used to provide an essential service (e.g., jails, roads and highways, utilities systems) and the asset is so specialized that there is no alternative asset readily available; it is likely that the local government will have the use of the property throughout its economic life.
- The local government contributes significant financial assistance (land, loan guarantees, transfers, etc.) toward the cost of acquiring or constructing the property that it will lease; the local government would bear certain costs and risks associated with the leased property that would normally be associated with ownership of property.
- The local government has a significant degree of control over the idle capacity of the leased property (e.g., although there is a potential for third-party use of the asset, the local government is able to restrict such use, whether or not it pays for that capacity).
- The local government bears residual risk or benefit of asset ownership (e.g., the local government owns or retains control of the land on which the leased property is located, and the asset cannot be easily moved; the local government is obliged to either find a sub-lessee or pay significant costs to the lessor to end the agreement before its term is up; the lessor has the option, at the end of the lease, to transfer the leased property and any related obligation, to the local government; the local government shares in the residual loss or gain on the leased property).
- The local government is responsible for performance, availability and/or maintenance of the property.
- The local government bears the business risk associated with the leased property (e.g., lease payments that fluctuate with specific indices such as interest rates or the CPI).
- The local government assumes responsibility for construction risk (e.g., pays for cost overruns or does not have use of the asset by the agreed date).
- The local government is obliged to pay for the output or capacity, whether or not it is needed (e.g., guaranteed payment for a minimum number of users in recreational complex).
- The local government is responsible for other potential risks of asset ownership including obsolescence, environmental liability and uninsured damage or condemnation of the asset.

If the local government is on the hook for these or any other significant risks, that may be additional evidence that it has a leased tangible capital asset.

Recognition of Leased Assets

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Property that meets the definition of a leased tangible capital asset is accounted for as both a tangible capital asset and a liability. The value of the leased tangible capital asset and the amount of the lease liability, recorded at the beginning of the lease term, would be the present value of the minimum lease payments, excluding the portion relating to executory costs.

At inception of the lease, the estimate of the discount rate used should be reviewed together with:

- the present value of the minimum lease payments;
- the assumed fair value of the property; and
- the assumed residual value, to ensure that all figures are reasonable and internally consistent.

The discount rate for determining the present value of the minimum lease payments would be the lower of the local government's rate for incremental borrowing and the interest rate implicit in the lease. The maximum value recorded for the asset may not, however, exceed the leased property's fair value.

A leased tangible capital asset would be amortized over the period of its expected use, on a basis consistent with the local government's amortization policy for similar tangible capital assets. If the lease contains terms that allow ownership to pass to the local government, or a bargain purchase option, the period of amortization would be the economic life of the property. Otherwise, the property would be amortized over the lease term. Lease payments would be allocated between repayments of the liability, interest expense and any related executory costs. The total minimum lease payments, less the initial liability recorded, represents the total interest cost of the lease. The interest expenditure/expense would be calculated based on the same discount rate used in computing the present value of the minimum lease payments applied to the outstanding lease liability at the beginning of the lease payment period.

Sale-Leaseback Transactions

A sale-leaseback transaction would have a local government sell a property and then lease it, or a part of it, back. The transaction may be done through a series of concurrent sale transactions involving more than one external party or organization within the local government reporting entity, with the end result being that the local government retains the use of the property, or a part of it. The Public Sector Accounting Handbook provides guidance on appropriate accounting for sale-leaseback transactions.

The lease component of the transaction would be classified according to whether it transfers the benefits and risks of ownership to the local government. If the local government retains the right to substantially all of the property, it is treated as a leased tangible capital property. When

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the local government retains the right to more than a minor portion but less than substantially all of the property, it has to determine whether the leaseback portion of the transaction should be classified as a leased tangible capital asset in accordance with PSG-2.

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Policy Statements

Capitalization

Tangible capital assets should be capitalized (recorded in the fixed asset sub-ledger) according to the following thresholds:

- a) all land;
- b) all buildings;
- c) civil infrastructure systems (built assets such as roads, bridges, sewers, water, transit, parks, etc.) with unit cost of \$50,000 or greater;
- d) all others with unit cost of \$10,000 or greater.

Different thresholds may be used for group assets. Capitalize betterments to existing assets when unit costs exceed the threshold.

Categories

A category of assets is a grouping of assets of a similar nature or function in the Town's operations. The following list of categories shall be used:

- land
- land improvements
- buildings
- equipment
- linear assets
 - o roads
 - o bridges
 - o sidewalks
 - o sewer catch basins
 - o sewer wastewater manhole
 - o sewer collection
 - o storm sewer
 - o storm sewer manhole
 - o fire hydrant
 - o water distribution values
 - o water distribution pipes
 - o water services houses
- vehicles

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Valuation

Tangible capital assets should be recorded at cost plus all ancillary charges necessary to place the asset in its intended location and condition for use.

Purchased assets

Cost is the gross amount of consideration paid to acquire the asset. It includes all non-refundable taxes and duties, freight and delivery charges, installation and site preparation costs, etc. It is net of any trade discounts or rebates.

Cost of land includes purchase price plus legal fees, land registration fees, transfer taxes, etc. Costs would include any costs to make the land suitable for intended use, such as pollution mitigation, demolition and site improvements that become part of the land.

When two or more assets are acquired for a single purchase price, it is necessary to allocate the purchase price to the various assets acquired. Allocation should be based on the fair value of each asset at the time of acquisition or some other reasonable basis if fair value is not readily determinable.

Acquired, Constructed or Developed assets

Cost includes all costs directly attributable (e.g., construction, architectural and other professional fees) to the acquisition, construction or development of the asset. Carrying costs such as internal design, inspection, administrative and other similar costs may be capitalized. Capitalization of general administrative overheads is not allowed.

Capitalization of carrying costs ceases when no construction or development is taking place or when the tangible capital asset is ready for use.

Capitalization of Interest Costs

Borrowing costs incurred by the acquisition, construction and production of an asset that takes a substantial period of time to get ready for its intended use should be capitalized as part of the cost of that asset.

Capitalization of interest costs should commence when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalization should be suspended during periods in which active development is interrupted. Capitalization should cease when substantially all of the activities necessary to prepare the asset for its intended use are

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complete. If only minor modifications are outstanding, this indicates that substantially all of the activities are complete.

Donated or Contributed Assets

The cost of donated or contributed assets that meet the criteria for recognition is equal to the fair value at the date of construction or contribution. Fair value may be determined using market or appraisal values. Cost may be determined by an estimate of replacement cost. Ancillary costs should be capitalized.

Componentization

Tangible capital assets may be accounted for using either the single asset or component approach. Whether the component approach is to be used will be determined by the usefulness of the information versus the cost of collecting and maintaining information at the component level.

Factors to consider when determining whether to use a component approach include:

- a) Major components have significantly different useful lives and consumption patterns than the related tangible capital asset.
- b) Value of components in relation to the related tangible capital asset.

Civil infrastructure systems should use the component approach. Major components should be grouped when the assets have similar characteristics and estimated useful lives or consumption rates.

Amortization

The cost, less any residual value, of a tangible capital asset with a limited life should be amortized over its useful life in a rational and systematic manner appropriate to its nature and use. The amortization method and estimate of useful life of the remaining unamortized portion should be reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated.

Useful life is normally the shortest of the asset's physical, technological, commercial or legal life.

Generally, the Town uses a straight-line method for calculating the annual amortization. A comprehensive list of estimated useful lives of assets and amortization rates is attached.

Town departments, boards and commissions, agencies and other organizations are responsible for working with the Treasurer to establish an appropriate amortization methodology and rate for assets acquired. City departments, boards and commissions,

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agencies and other organizations are responsible for working with the Treasurer in establishing and utilizing an appropriate estimated useful life for assets acquired.

Disposal

Disposal of tangible capital assets that are moveable personal property is the responsibility of the Treasurer unless delegated to operating departments. Department heads should notify the Treasurer when assets become surplus to operations.

Disposal of real property will be the responsibility of the Treasurer.

When other constructed tangible capital assets are taken out of service, destroyed or replaced due to obsolescence, scrapping or dismantling, the department head or designate must notify finance of the asset description and effective date. Finance is responsible for adjusting the asset registers and accounting records recording a loss/gain on disposal.

Definitions

Amortization

Is the accounting process of allocating the cost less the residual value of a tangible capital asset to operating periods as an expense over its useful life in a rational and systematic manner appropriate to its nature and use. Amortization expense is an important part of the cost associated with providing local government services, regardless of how the acquisition of tangible capital assets is funded. Depreciation accounting is another commonly used term to describe the amortization of tangible capital assets.

Assets

Are economic resources controlled by a local government as a result of past transactions or events and from which future economic benefits may be obtained. Assets have three essential characteristics:

- a) they embody a future benefit that involves a capacity, singly or in combination with other assets, to provide future net cash flows, or to provide goods and services;
- b) the local government can control access to the benefit; and
- c) the transaction or event giving rise to the local government's control of the benefit has already occurred.

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Asset impairment

Occurs when conditions indicate that a tangible capital asset no longer contributes to a local government's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value.

Betterment

Is a cost incurred to enhance the service potential of a tangible capital asset. Betterments increase service potential (and may or may not increase the remaining useful life of the tangible capital asset). Such expenditures would be included in the tangible capital asset's cost.

Subsequent expenditures on tangible capital assets that:

- increase previously assessed physical output or service capacity;
- lower associated operating costs;
- extend the useful life of the asset; or
- improve the quality of the output.

Any other expenditure would be considered a repair or maintenance and expensed in the period.

Capital Lease:

Is a lease with contractual terms that transfer substantially all the benefits and risks inherent in ownership of property to the Town. For substantially all of the benefits and risks of ownership to be transferred to the lessee, one or more of the following conditions must be met;

- a) There is reasonable assurance that the City will obtain ownership of the leased property by the end of the lease term.
- b) The lease term is of such a duration that the Town will receive substantially all of the economic benefits expected to be derived from the use of the leased property over its life span.
- c) The lessor would be assured of recovering the investment in the leased property and of earning a return on the investment as a result of the lease agreement.

Capitalization threshold (recognition threshold)

Is the value above which assets are capitalized and reported in the financial statements.

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Carrying amount

Is the amount at which a tangible capital asset is recognized after deducting any accumulated amortization and accumulated impairment losses.

Carrying costs

Are costs directly attributable to an asset's acquisition, construction or development activity where, due to the nature of the asset, it takes a long period of time to get it ready for its intended use. Typical carrying costs could include:

- technical and administrative work prior to commencement of and during construction;
- overhead charges directly attributable to construction or development; and
- interest.

Component

Is a part of an asset with a cost that is significant in relation to the total cost of that asset. Component accounting recognizes that each part might have a different useful life and requires separate accounting for each component that has a different useful life than the whole asset does.

Cost

Is the gross amount of consideration given up to acquire, construct, develop or better a tangible capital asset, and includes all costs directly attributable to the asset's acquisition, construction, development or betterment, including installing the asset at the location and in the condition necessary for its intended use. The cost of a contributed tangible capital asset, including a tangible capital asset in lieu of a developer charge, is considered to be equal to its fair value at the date of contribution. Capital grants would not be netted against the cost of the related tangible capital asset. The cost of a leased tangible capital asset is determined in accordance with Public Sector Guideline PSG-2 Leased Tangible Capital Assets.

Depreciation

Is the expense in an accounting period arising from the application of depreciation accounting.

Depreciation accounting

Is the accounting procedure in which the cost or other recorded value of a fixed asset less any estimated value on disposal is distributed over its useful life in a systematic and rational manner. It is a process of allocation, not valuation.

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Directly attributable overhead costs

Refers to direct incremental expenses incurred for technical and administrative activities related to the construction of a tangible capital asset. These costs could include the salaries and benefits for internal staff doing design work related to the construction project. It would not include an allocation of fixed costs incurred by the local government such as occupancy costs for the design department or an allocation of the costs of corporate departments such as human resources, legal, purchasing and accounting. These latter costs are incurred whether or not the construction project is undertaken and, therefore, would not be incremental overhead expenses directly attributable to the cost of the project. Refer also to the definitions of direct costs and indirect costs.

Direct costs

Are incremental costs incurred by a local government for the acquisition, construction or development of a tangible capital asset. Direct costs would not have been incurred other than to acquire, construct or develop the tangible capital asset. For example, directly related employee salary and benefits, materials and supplies, equipment, temporary site buildings, legal and other professional fees, etc., could be considered direct costs.

Expenses

Including losses, are decreases in economic resources, either by way of outflows or reductions of assets or incurrence of liabilities, resulting from the operations, transactions and events of the accounting period. Expenses include transfer payments due where no value is received directly in return. Expenses include the cost of economic resources consumed in, and identifiable with, the operations of the accounting period. For example, the cost of tangible capital assets is amortized to expenses as the assets are used in delivering local government programs. Expenses do not include debt repayments or transfers to other local governmental units in a local government reporting entity.

Fair value

Is defined in accounting standards as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction who are under no compulsion to act.

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets include cash, investments, accounts receivable, inventory held for resale, etc.

Finance – Tangible Capital Asset Policy

Full accrual basis of accounting

Recognizes the financial effects of transactions in the period(s) in which they occur irrespective of when the cash has been received or paid. It requires that tangible capital assets be reported on the balance sheet (statement of financial position) at historical cost and expensed (amortized) in the annual results of operations over their estimated useful lives.

Gains

Can arise from peripheral or incidental transactions and events affecting a local government. Such transactions and events include the disposition of assets purchased for use and not for resale, and the liquidation or refinancing of debt.

Group assets

Are homogenous in terms of their physical characteristics, use and expected useful life. Group assets are amortized using a composite amortization rate based on the average useful life of the different assets in a group.

Assets that have a unit value below the capitalization threshold but have a material value as a group. Normally recorded a single asset with one combined value. Although recorded in the financial systems as a single asset, each unit may be recorded in the asset sub-ledger for monitoring and control of its use and maintenance. Examples could include personal computers, furniture and fixtures, small moveable equipment, etc.

Local government reporting model

Describes the set of rules, parameters and content requirements that prescribe what must be presented in the summary financial statements. It prescribes the number, type and format of the financial statements, what information those financial statements should report, when it should be reported and how, as well as the notes required to explain what has been reported in the financial statements. It dictates the basis of accounting used in compiling a local government's accounting records.

Indirect costs

Are costs incurred for a common or joint purpose and, therefore, can not be identified readily and specifically with an activity related to the acquisition, construction or development of a tangible capital asset. For example, executive management, occupancy costs for general administrative buildings, corporate services (accounting, payroll, legal, technology, etc.), general local government, etc., would be considered indirect costs.

Finance – Tangible Capital Asset Policy

Liabilities

Are present obligations of a local government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits. Liabilities have three essential characteristics:

- a) they embody a duty or responsibility to others, leaving a local government little or no discretion to avoid settlement of the obligation;
- b) the duty or responsibility to others entails settlement by future transfer or use of assets, provision of goods or services, or other form of economic settlement at a specified or determinable date, on occurrence of a specified event, or on demand; and
- c) the transactions or events obligating the local government have already occurred.

Losses

Can arise from peripheral or incidental transactions and events affecting a local government. Such transactions and events include the disposition of assets purchased for use and not for resale, and the liquidation or refinancing of debt.

Market value

Is defined as the estimated amount for which a property would be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably, prudently and without compulsion.

Maintenance and repairs

maintain the predetermined service potential of a tangible capital asset for a given useful life. Such expenditures are charged in the accounting period in which they are made.

Net book value

Of a tangible capital asset is its cost, less accumulated amortization and the amount of any write-downs.

Non-financial assets

Include tangible capital assets and other assets such as prepaid expenses and inventories of supplies. Non-financial assets are acquired, constructed or developed assets that are normally employed to deliver local government services, may be consumed in the normal course of operations and are not for sale in the normal course of operations.

Finance – Tangible Capital Asset Policy

Prospective application

A new accounting policy is applied only to events and transactions occurring after the date of the change and to any outstanding related balances existing at the date of the change. No cumulative catch-up adjustment is made to such balances.

Recognition threshold (capitalization threshold)

Is the value above which assets are capitalized and reported in the financial statements.

Residual value

Is the estimated net realizable value of a tangible capital asset at the end of its useful life to a local government.

Responsibility cost is allocating costs to a particular unit. It is similar in nature to activity-based cost where costs are allocated to activities rather than responsibility centres.

Retroactive application with no restatement of prior periods

A new accounting policy is applied to events and transactions from the date of origin of such items and a cumulative adjustment representing the effect of the change in an accounting policy on prior periods is made in the period in which the change is made. Two different treatments of the cumulative adjustment have been followed: an item reflected in annual results or an adjustment of the opening balance of the accumulated surplus/deficit.

Retroactive application with restatement of prior periods

The new accounting policy is applied to events and transactions from the date of origin of such items. The financial statements for each prior period presented for comparative purposes are restated to reflect the new policy. The balance of the accumulated surplus/deficit at the beginning of the earliest period presented is restated to reflect the cumulative effect of the change on periods prior to that date.

Revenues

Including gains, can arise from: taxation; the sale of goods; the rendering of services; the use by others of local government economic resources yielding rent, interest, royalties or dividends; or receipt of contributions such as grants, donations and bequests. Revenues do not include borrowings, such as proceeds from debt issues or transfers from other local governmental units in a local government reporting entity.

Finance – Tangible Capital Asset Policy

Tangible capital assets

Are non-financial assets having physical substance that:

- are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- have useful economic lives extending beyond an accounting period;
- are to be used on a continuing basis; and
- are not for sale in the ordinary course of operations.

Service potential

Is tangible capital asset's output or service capacity, normally determined by reference to attributes such as physical output capacity, quality of output, associated operating costs and useful life.

Straight-line amortization

Allocates the cost less estimated residual value of a capital asset equally over each year of its estimated useful life.

Useful life

Is the estimate of either the period over which a local government expects to use a tangible capital asset, or the number of production or similar units that it can obtain from the tangible capital asset. The life of a tangible capital asset may extend beyond its useful life. The life of a tangible capital asset, other than land, is finite, and is normally the shortest of the physical, technological, commercial and legal life.

Write-down

Is a reduction in the cost of a tangible capital asset to reflect the decline in the asset's value due to a permanent impairment.

Finance – Tangible Capital Asset Policy

Appendix A Tangible Capital Asset Accounting Treatment

Category	Useful Life – Years	Capitalization Threshold
Land	NA	Any
Land Improvements	40	\$10,000
Buildings	15 to 60	\$10,000
Equipment	5 to 20	\$10,000
Library Books	7	Any
Vehicles	5 to 20	\$10,000
Linear Assets		
Roads	15 to 40	\$50,000
Bridges	15 to 40	\$50,000
Sidewalks	10 to 15	\$10,000
Sewer Catch basin	80	\$50,000
Sewer Wastewater Manholes	80	\$50,000
Sewer Collection	80	\$50,000
Storm Sewer	80	\$50,000
Storm Sewer Manholes	80	\$50,000
Fire Hydrant	80	\$10,000
Water Distribution Valves	80	\$10,000
Water Distribution Pipes	80	\$50,000
Water Distribution Houses	80	\$50,000

Amortization Method: Straight-line basis over their estimated useful lives. Amortization is charged in the year following the year of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Capital versus Maintenance: In the case where an asset has been recorded in the asset ledger as a single asset and not broken down into component parts, then the replacement of component parts that exceed the capitalization threshold will be considered maintenance activities and be treated as maintenance expenses in the year in which they are replaced. Where an asset has been broken down into its component parts in the asset ledger, then the replacement of the component parts that exceed the capital threshold will be recorded in the asset ledger and the previous one will be recorded as a disposal.

Betterments: Any betterment to an asset that exceeds the capitalization threshold regardless of how it has been recorded in the asset ledger will be capitalized.



Policy Type: Finance
Policy #: FN-100-03
Approved by Council on:

Finance – Tangible Capital Asset Policy

Library Books: Library Books are deemed to be disposed up at the end of their estimated useful lives.

Finance – Reserve Fund Policy – Wastewater Treatment Plant

Purpose

The primary objective of the Reserve Fund Policy for the Wastewater Treatment Plant is to ensure that monies are set aside for the long-term goals of the municipality and that those funds will be available when needed.

Reserve Funds are important long-term financial planning tools for municipalities, and are used to set aside funds for a future purpose. Reserve Funds generally have contributions included in the Operating Budget and are the main source to finance the Capital Budget. There are several instances where using Reserve Funds is appropriate, including:

- To facilitate long term financial planning
- To plan for the impact and financing of major capital projects over time
- To absorb the cost of one-time expenses not included in the operating budget
- To provide for the cost of equipment or facility replacements

This policy is intended to set out the principles, mandatory requirements, and guidelines for the establishment, retention, maintenance, management, and accounting treatment for the Wastewater Treatment Plant Reserve Fund.

The ultimate goal is to fund the annual capital needs through current reserves while delivering efficient, effective programs to the ratepayers of the Wastewater system. The key to reserve fund policies and planning, is to balance current and future requirements. Sound programs and financial planning will accommodate future growth while maintaining relatively manageable user rate increases.

Scope

This policy applies to the Wastewater Treatment Plant Reserve Fund.

Policy Statement

The Wastewater Treatment Plant Reserve Fund is to be used to offset unbudgeted operating deficits in the operations of the wastewater treatment plant. Unbudgeted wastewater treatment

Finance – Reserve Fund Policy – Wastewater Treatment Plant

plant surpluses resulting from operations are to be transferred into the reserve fund. This reserve will also act as a source of funding for annual capital expenses.

Revenues

Wastewater Treatment Plant revenues are generated from fees charged to customers of the Town of Prescott's water and wastewater systems. Any surplus after expenses and debt payments, but not including amortization, are to be directed to this Wastewater Treatment Plant Reserve Fund. Interest earned on the investment of the Wastewater Treatment Plant Reserve Fund is to be applied to the reserve fund.

Expenditures

Any deficit incurred by the Wastewater Treatment Plant Operating Budget is to be funded by the reserve fund. The annual capital expenditures for the Wastewater Treatment Plant are to be drawn from the reserve fund.

Target Levels

The annual minimum targeted surplus is to be 2% of the total annual expenses of the Wastewater Treatment Plant Operating Budget including Debt payments but excluding amortization.

Upon the completion of the current debt payments in 2036, the yearly debt payment amount will be directed to the Wastewater Treatment Plant Reserve Fund. The current yearly debt payment for the Wastewater Treatment Plant is \$343.827. The minimum annual surplus target of 2% will be in addition to the annual debt payment amount after 2036.

Definitions

Reserve

A "reserve" is a discretionary appropriation from net revenue, after provision has been made for all known expenditures. It has no reference to any specific asset and does not require the physical segregation of money or assets as in the case of a reserve fund. Investment income earned on municipal assets is not allocated to reserves.

Reserve Fund

A reserve fund that is funded from contributions that are normally included in the annual in the estimates bylaw with a complementary by-law or resolution outlining the operational elements.

Finance – Reserve Fund Policy – Wastewater Treatment Plant

A reserve fund that is funded from other sources is normally established in a specific by-law or resolution that also outlines its operational elements.

A reserve fund differs from a reserve in that reserve fund assets are segregated and restricted to meet the purpose of the reserve fund. Investment income earned on the segregated reserve fund assets is added to the balance of the reserve fund and is not available for general municipal purposes.

There are two types of reserve funds, obligatory reserve funds and discretionary reserve funds.

Obligatory Reserve Fund

Obligatory Reserve Fund is created whenever a statute requires revenue received for special purposes to be segregated from the general revenues of the municipality. Obligatory Reserve Funds are to be used solely for the purpose prescribed for them by statute.

Discretionary Reserve Fund

“Discretionary Reserve Fund” is created under Section 417 of the Municipality Act whenever a Council wishes to designate revenues to finance a future expenditure for which it has the authority to spend money and to set aside a certain portion of any year’s revenues so that the funds are available as required. In accordance with Section 417, municipalities should create new reserve funds (or additional allocations to reserve funds) through the estimates process, defining the purpose for which the reserve fund is being created.



		Date Req'd
Information Purposes		
Policy / Action Req'd	X	Feb. 16 '21
Strategic Plan		

STAFF REPORT TO COUNCIL

Report No. 15-2021

Date: February 16, 2021

From: Lindsey Veltkamp, Director of Administration/Clerk

Re: Leeds and Grenville Joint Services Committee - Amendment to Joint Operating Agreement

Recommendation:

That the Corporation of the Town of Prescott agrees to amend the Joint Operating Agreement for the Leeds and Grenville Joint Services Committee by deleting Section 2.9; and

That the By-law be brought forward to the Council meeting of March 1, 2021, for final review and consideration.

Background / Analysis:

The attached letter was received from the United County of Leeds and Grenville regarding a request from the Joint Services Committee to make amendments to the current Joint Operating Agreement by removing Sections 2.9 which reads as follows:

- 2.9 The Committee shall meet regularly twice a month on the first and third Wednesdays of each month, commencing at the hour of 3:00 p.m. Regular meetings shall be held in the United Counties of Leeds and Grenville Council Chambers, and the Committee may agree by resolution to designate and alternate meeting place.

The Committee requested that Section 2.9 be removed in order to hold its meetings on a different date.



		Date Req'd
Information Purposes		
Policy / Action Req'd	X	Feb. 16 '21
Strategic Plan		

Based on subsequent discussions with the City of Brockville and Town of Gananoque, staff is recommending that Section 2.9 be removed from the agreement and Section 2.10 remain part of the agreement until further information is provided.

The Council of the City of Brockville passed a resolution to remove Section 2.9 of the agreement at their meeting held on January 12, 2021 and as did the Council of the Town of Gananoque at their meeting held on February 2, 2021. In order for these changes to be made to the current agreement, all four partners must unanimously agree to the change.

Alternatives:

None

Financial Implications:

None

Attachments:

- Letter from Leeds and Grenville County

Submitted by:

Lindsey Veltkamp
Director of Administration/Clerk



United Counties of Leeds and Grenville

Administration Division
Clerk's Office
Economic Development

25 Central Ave. W., Suite 100
Brockville, ON K6V 4N6
T 613-342-3840
800-770-2170
F 613-342-2101
www.leedsgrenville.com

January 6, 2021

Mayor and Council
Town of Prescott
360 Dibble Street, West
PRESCOTT, ON
K0E 1T0

Dear Mayor Todd and Council

At the January 6th meeting of the Leeds and Grenville Joint Services Committee, the Committee discussed changing the date of the regular Joint Services Committee to a different day of the week. The date set aside for the Committee is embedded in and is part of the original May 25, 2000 agreement, that was agreed to and passed by by-law, by the four partner municipalities; being the United Counties of Leeds and Grenville, the City of Brockville, the Town of Gananoque and the Town of Prescott.

The Committee's desire is to hold its meeting on a different date. Staff are recommending this can best be achieved by eliminating Section 2.9 from the agreement. Staff is also recommending the removal of Section 2.10 relating to the holding of Special Meetings.

These changes will enable the Committee to amend its Rules of Procedure Policy to allow more flexibility in the scheduling of future meetings.

In order for the change to be made to the agreement, the four partners need to unanimously agree to the change. It is requested that the attached resolution be passed and that your by-law be amended to allow for this change.

where **lifestyle**
grows good business
synonyme de **qualité de vie**
et de **réussite en affaires**



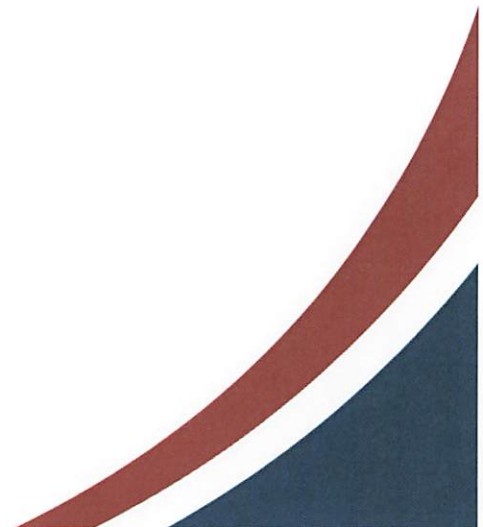
It is also requested this happen as soon as possible so that meetings in February can be scheduled.

Thank you for your cooperation with the Committee's request.

Yours very truly

A handwritten signature in black ink that reads "Lesley Todd".

Lesley Todd
County Clerk



Sample Motion.

THAT the Corporation of the _____ agrees to amending the the Joint Operating Agreement for the Leeds and Grenville Joint Services Committee by deleting Section 2.9 and 2.10; and

THAT the necessary by-law be prepared.

		Date Req'd
Information Purposes	X	Feb. 16 '21
Policy / Action Req'd		
Strategic Plan		

STAFF REPORT TO COUNCIL

Report No. 16-2021

Date: February 16, 2021

From: Lindsey Veltkamp, Director of Administration/Clerk

Re: Information Items – February 1, 2021

Recommendation:

For information.

Background / Analysis:

At the Council meeting of February 1, 2021, multiple items from the Information Package were highlighted for further discussion.

Volunteer Centre of St. Lawrence-Rideau Request re: Fire Hydrants with Personality

A member from the Volunteer Centre of St. Lawrence-Rideau contacted Town staff looking to gauge interest in a potential fundraiser for the area. Typically, this organization runs a “Dancing with The Stars” contest but the pandemic has forced organizations to get creative with events in order to maintain social distancing and avoid gatherings.

The premise for this fundraiser is to select several fire hydrants within a specified area to be auctioned off to local businesses. These businesses would “buy” a hydrant for \$100. This donation would go directly to the Volunteer Centre of St. Lawrence-Rideau to provide income tax filing service to residents.

The municipality would be responsible for finding and hiring a local artist to complete paintings and/or designs. Any costs incurred would be paid for by the Town and not the organization. The Water Department and Fire Department reviewed the request, and the only concern was to ensure that the colour coding on the top of the hydrant remain untouched as it indicates the water supply capabilities.

This organization is currently reaching out to other municipalities for support.

		Date Req'd
Information Purposes	X	Feb. 16 '21
Policy / Action Req'd		
Strategic Plan		

Resolution of Support re: Reversal of Ontario Fire College Closure

The Ontario Fire College is important to our Fire Department as it offers a more cost-effective method for its members to obtain their NFPA certifications. With these certifications becoming mandatory, closing the College limits training opportunities to a regional, more expensive model.

The Ontario Fire College has multiple satellite registered offices, such as the Township of Leeds and the Thousand Islands, which provided an option for training where expenses were subsidized, and costs were kept low due to cost sharing.

Fire Chief, Barry Moorhouse, supports the resolution from the Township of Augusta as it touches upon all the key points of the college's role and importance to our community.

Council may wish to consider passing a motion in support of this resolution at this meeting or a separate resolution of support could be brought back to the meeting of March 1, 2021, for final consideration and passage.

Resolution of Support re: Municipal Drainage Matters and need for coordination with Canadian National Railway

The Municipality of Southwest Middlesex's resolution of support addressed concerns regarding municipal drainage matters and the need for coordination with the national railways.

The resolution speaks to concerns of coordinating with the national railway prior to construction or improvement of drains, the lack of coordination on projects, and project delays resulting from the lack of coordination.

Council may wish to consider passing a motion in support of this resolution at this meeting or a separate resolution of support could be brought back to the meeting of March 1, 2021, for final consideration and passage.

		Date Req'd
Information Purposes	X	Feb. 16 '21
Policy / Action Req'd		
Strategic Plan		

Resolution of Support re: Increased Municipal Insurance Rates

The resolution from the Municipality of Grey Highlands expresses concerns with the increases to Joint and Several Liability. Matthew Armstrong, CAO/Treasurer, outlined the increase to the liability rates in the Budget Presentation from the Council meeting held on December 7, 2020.

Council may wish to consider passing a motion in support of this resolution at this meeting or a separate resolution of support could be brought back to the meeting of March 1, 2021, for final consideration and passage.

Resolution of Support re: Future Grant Application Deadlines

The resolution from the Township of Matachewan requested longer turnaround times for funding submission due dates.

Due to staffing constraints during the pandemic some municipalities are struggling to meet the deadlines and feel restricted by the due dates.

Council may wish to consider passing a motion in support of this resolution at this meeting or a separate resolution of support could be brought back to the meeting of March 1, 2021, for final consideration and passage.

Ratified Motion re: Infrastructure Funding

The resolution from the Town of Bracebridge called upon the Federal and Provincial governments to provide municipal funding opportunities for projects that were shovel-ready and prioritized under municipal asset management plans. It is felt that this type of funding would provide stimulus to the economy.

Council may wish to consider passing a motion in support of this resolution at this meeting or a separate resolution of support could be brought back to the meeting of March 1, 2021, for final consideration and passage.



		Date Req'd
Information Purposes	X	Feb. 16 '21
Policy / Action Req'd		
Strategic Plan		

Alternatives:

None

Financial Implications:

None

Attachments:

None

Submitted by

Lindsey Veltkamp
Director of Administration/Clerk

		Date Req'd
Information Purposes		
Policy / Action Req'd	x	Feb. 16 '21
Strategic Plan		

STAFF REPORT TO COUNCIL

Report No. 17-2021

Date: February 16, 2021

From: Shawn Merriman, Manager of Building and By-law

RE: Draft Encroachment Agreement – 254 King Street West – Seaway Valley Pharmacy

Recommendation:

That Council approve the encroachment agreement for 254 King Street West, subject to the conditions outlined in report 17-2021; and

That the By-law be brought forward to the Council meeting of March 1, 2021, for final review and consideration.

Background/Analysis:

The subject property, known municipally as 254 King Street West, is the site of Seaway Valley Pharmacy. It is one storey commercial building that is less than 90 meters squared (10,000 ft²). This commercial building was built around 1978 and was a movie theatre prior to becoming a pharmacy.

An accessibility ramp entrance was built on the property as 254 King Street West and encroaches upon the road allowance known as King Street West.

The front of the building is on the property line. There is no front yard setback. There is one step at the entrance, not exceeding 20 cm (8 inches) in height. The sidewalk is approximately 3.7 m (12 ft) wide. This is to provide a 1.25 m (4 ft) wide ramp with steps which would leave approximately 2.15 m (7 feet) of pedestrian walkway clearance to the curb.

The accessibility ramp has been installed subject to the passage of the encroachment agreement being approved by Council. The agreement requires the owner to indemnify and save harmless the Corporation of the Town of Prescott for any damages or injury sustained within the encroachment area.



		Date Req'd
Information Purposes		
Policy / Action Req'd	x	Feb. 16 '21
Strategic Plan		

The property owner has agreed to support the installation of a tree in the downtown to replace the tree that was removed.

Alternatives

None

Financial Implications

None

Attachments:

- Draft By-Law xx-2021 – Encroachment

Submitted By:

Shawn Merriman
Manager of Building and By-law

**THE CORPORATION OF THE
TOWN OF PRESCOTT**

BY-LAW NO. xx-2021

**A BY-LAW TO PERMIT AN ENCROACHMENT
AT 254 KING STREET WEST**

BEING A BY-LAW TO PERMIT AN ENCROACHMENT AT 254 KING STREET WEST

WHEREAS in accordance with the authority provided by Section 8 of the *Municipal Act, 2001*, provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act; and

WHEREAS an accessibility ramp entrance was built on the property described as Plan 19 Block 2 Part Lot 15 RP15R949 Parts 5 and 6, in the Town of Prescott in the County of Grenville, known municipally as 254 King Street West and encroaches upon the road allowance known as King Street West; and

WHEREAS the said accessibility ramp entrance does not interfere or impede with the use of the sidewalk by the public or of the public highways; and

WHEREAS the Council of the Corporation of the Town of Prescott deems it expedient to grant permission for the said encroachment.

NOW THEREFORE the Council of the Corporation of the Town of Prescott enacts as follows:

1. That the encroachment onto the road allowance know as King Street West as described in Schedule "A" appended to this by-law is hereby granted.
2. The owner of the lands herein before described shall pay the Corporation of the Town of Prescott a fee of one dollar (\$1.00) per annum for the use of the said part of the road allowance along the south property line and of said property and such fee shall form a charge upon the lands.
3. The said fee shall be payable in like manner as taxes.
4. The owner agrees to indemnify and save harmless the Corporation of the Town of Prescott for any damages sustained on the property referred to in this by-law as a result of the negligence of the owners of the property from time to time.
5. This by-law and encroachment agreement Schedule "A" shall come into force

and take effect on the date of its final passage.

6. The permission herein to allow the said encroachment on the existing road allowance shall terminate upon destruction or demolition of the said structure.

**READ AND PASSED, SIGNED AND SEALED THE xx DAY OF XXX,
2021.**

Mayor

Clerk

SCHEDULE A TO BY-LAW NO. XX-2021

THIS ENCROACHMENT AGREEMENT made on ____ day of _____, 2021

BETWEEN:

THE CORPORATION OF THE TOWN OF PRESCOTT

(Herein called the "Town")

OF THE FIRST PART

-and-

**EASAB HOLDINGS LTD
C/O SUTINDER SANDHAR**

OF THE SECOND PART

WHEREAS Easab Holdings LTD is the registered owner the property described as Plan 19 Block 2 Part Lot 15 RP 15 R 949 Parts 5 and 6, Town of Prescott, County of Grenville (herein the "lands"), and known as Assessment Roll No. 0708 020 020 07200 0000;

AND WHEREAS an accessibility ramp entrance was built upon the road allowance known as 254 King Street West which encroaches (herein the "Encroachment") onto the road allowance known as King Street West, shown on the Existing Entrance Plan, which Encroachment is more particularly shown on attached hereto;

AND WHEREAS the Owner has made an application to maintain the Encroachment on the Lands in the position they now stand for the lifetime of the said Encroachment, subject to the execution by the Town of this Agreement and the terms, clauses and conditions hereinafter set forth;

NOW WITNESSETH THIS AGREEMENT that in consideration of the premises herein contained, the Town and the Owner agree as follows:

1. That the Town grants the Owner permission to maintain the Encroachment onto the road allowance known as King Street West in the location shown on the Existing Entrance Plan attached hereto for the lifetime of the said Encroachment, subject to the terms, clauses and conditions herein contained.
2. The owner of the lands as herein described shall pay the Corporation of the Town of Prescott a fee of one dollar (\$1.00) per annum for the use of the said

part of the road allowance known as King Street West along the southernly property line of said property and such fee shall form a charge upon the lands, payable in like manner as taxes.

3. The Owner covenants and agrees to indemnify and save harmless the Town from and against all costs, charges, expenses, suits, claims, losses and damages arising out of any injury, personal claim or property damage occasioned by the said Encroachment or by any losses which the Town may sustain, incur or for which the Town may be liable in consequence of the said Encroachment and the passing of this by-law.
4. The Owner hereby covenants to place insurance on said Encroachment in the joint names of the Town and the Owner for public liability in the amount of not less than TWO MILLION DOLLARS (\$2,000,000.00). The said insurance may be included in the Owner's insurance of the Lands but must show the interest of the Town with respect to the public liability claims arising by reason of the said Encroachment on the Encroached Lands and the matters referred to in Paragraph 3 hereof.
5. The Owner covenants and agrees to remove the Encroachment at the expense of the Owner in the event that acting reasonably the Town requires its removal for any reason whatsoever, and without limiting the generality of the foregoing, the Owner will remove the Encroachment at his/her own expense in the event that the Town is of the opinion that the Encroachments are unsafe or access is required by the Town.
6. This Agreement shall not be interpreted as granting exclusive use of the Encroachments, the Encroached Lands or any part of the said Encroachment to the Owner.
7. The Owner acknowledges no ownership interest in any part of the Encroachment on to the road allowance known as King Street West.
8. The Owner hereby covenants that in the event of the sale of the Land, it will notify the Town of any change in ownership. Upon so doing and upon the transferee/purchaser entering into an agreement with the Town similar to this Agreement, providing proof of insurance and otherwise complying with the provisions of such Agreement, the Owner will be thereupon released from all obligations under this Agreement. In that event, the Town shall provide the appropriate release of its interest in the Owner insurance policy.
9. This agreement shall be binding upon and ensure to the benefit of the parties to this Agreement and their respective heirs, executors, administrators, successors and assigns.
10. That this by-law be registered on title in the local Land Registry Office pursuant to the *Municipal Act*.

11. This by-law shall come into force and take effect on the date of its final passage.
12. The permission herein to allow the said encroachment on to the existing road allowance known as King Street West shall terminate upon destruction or demolition of the said structure.

Signed and sealed by the parties hereto have set their hands and seals personally or by their proper signing officers on the dates noted:

By the Corporation of the Town of Prescott this _____ day of _____, 2021

Corporation of the Town of Prescott

Mayor

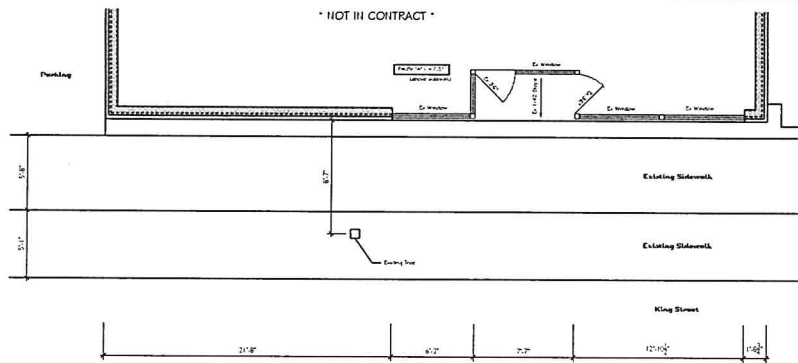
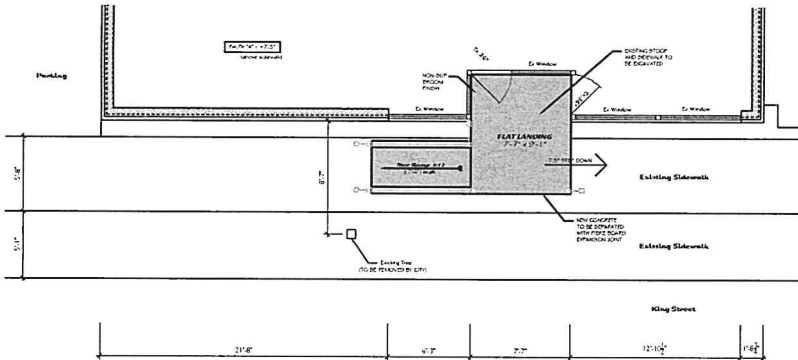
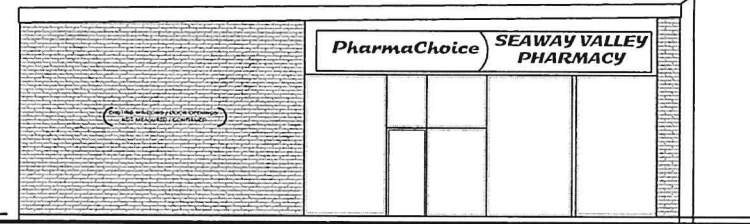
Clerk

By the Owner, this _____ day of _____, 2021

**Easab Holdings Ltd
C/O Sutinder Sandhar**

Name:

Title:

**EXISTING ENTRANCE PLAN****PROPOSED RAMP PLAN****EXISTING ELEVATION****PROPOSED RAMP ELEVATION**

PROJECT:
SEAWAY VALLEY PHARMACY RAMP
254 KING STREET WEST
PRESCOTT, ON

Architect:
Annable Designs
ARCHITECTURE-CONSULTING-PLANNING
Pharmacy District
Unit 7 - 2211 Parkway Ave
Prescott, Ontario
613-926-5350
www.annabledesigns.ca

PROJECT ID NUMBER:
1076
SHEET NUMBER:
A1

BCIN. NO. 42369
COMPLETION DATE: AUGUST 2019
COMPUTER NO.: 1076-ARCH.DWG
BY: J. S. ADVANCE
SCALE: 1/4" = 1'-0"

Rev. 01

Plan Confirmation & Validation
If the Signature on this plan is not a ORIGINAL RED INK, then the plan is to be approved by the Professional Engineer or Architectural Drafter. Please confirm with Annable Designs before any construction starts for any project.

Engineer
NEngineering
www.nengineering.ca (613) 853-9659 andrew@neng.ca

ENGINEER SEAL - As Required

NO.	DATE	DESCRIPTION	BY	CHKD.
1	2019-08-14	REVISED - added for final client approval	J.S.	J.S.
2	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
3	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
4	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
5	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
6	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
7	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
8	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
9	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
10	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
11	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
12	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
13	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
14	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
15	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
16	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
17	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
18	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
19	2019-08-20	REVISION - added for final client approval	J.S.	J.S.
20	2019-08-20	REVISION - added for final client approval	J.S.	J.S.

DRAWINGS:
EXISTING & PROPOSED PLANS

		Date Req'd
Information Purposes		
Policy / Action Req'd	x	Feb. 16 '21
Strategic Plan		

STAFF REPORT TO COUNCIL

Report No. 18-2021

Date: February 16, 2021

From: Shawn Merriman, Manager of Building and By-law

RE: Draft Encroachment Agreement –232 King Street West – Zens Inn

Recommendation:

That Council approve the encroachment agreement for 232 King Street West, subject to the conditions outlined in report 18-2021; and

That the By-law be brought forward to the Council meeting of March 1, 2021, for final review and consideration.

Background/Analysis:

The subject property, known municipally as 232 King Street West, is the site of Zens Inn. It is a older mixed use commercial building that is less than 90 meters squared (10,000 ft²). This building was recently redeveloped as a short stay tourist inn with a capacity of 11.

An accessibility ramp entrance was built on the property as 232 King Street West and encroaches upon the road allowance known as King Street West.

The front of the building is on the property line. There is no front yard setback. There are two steps at the entrance, not exceeding 40 cm (16 inches) in height. The sidewalk is approximately 3.7 m (12 ft) wide. This is to provide a 0.9 m (3 ft) wide ramp with steps which would leave approximately 2.15 m (7 ft) of pedestrian walkway clearance to the curb.

The accessibility ramp has been installed subject to the passage of the encroachment agreement being approved by Council. The agreement requires the owner to indemnify and save harmless the Corporation of the Town of Prescott for any damages or injury sustained within the encroachment area.



		Date Req'd
Information Purposes		
Policy / Action Req'd	x	Feb. 16 '21
Strategic Plan		

Alternatives

None

Financial Implications

None

Attachments:

- Draft By-Law xx-2021 – Encroachment

Submitted By:

Shawn Merriman
Manager of Building and By-law

**THE CORPORATION OF THE
TOWN OF PRESCOTT**

BY-LAW NO. xx-2021

**A BY-LAW TO PERMIT AN ENCROACHMENT
AT 232 KING STREET WEST**

BEING A BY-LAW TO PERMIT AN ENCROACHMENT AT 232 KING STREET WEST

WHEREAS in accordance with the authority provided by Section 8 of the *Municipal Act, 2001*, provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act; and

WHEREAS an accessibility ramp entrance was built upon the road allowance known as 232 King Street West which encroaches (herein the “Encroachment”) onto the road allowance known as King Street West; and

WHEREAS the said accessibility ramp entrance does not interfere or impede with the use of the sidewalk by the public or of the public highways; and

WHEREAS the Council of the Corporation of the Town of Prescott deems it expedient to grant permission for the said encroachment.

NOW THEREFORE the Council of the Corporation of the Town of Prescott enacts as follows:

1. That the encroachment onto the road allowance know as King Street West as described in Schedule "A" appended to this by-law is hereby granted.
2. The owner of the lands herein before described shall pay the Corporation of the Town of Prescott a fee of one dollar (\$1.00) per annum for the use of the said part of the road allowance along the south property line and of said property and such fee shall form a charge upon the lands.
3. The said fee shall be payable in like manner as taxes.
4. The owner agrees to indemnify and save harmless the Corporation of the Town of Prescott for any damages sustained on the property referred to in this by-law as a result of the negligence of the owners of the property from time to time.
5. This by-law and encroachment agreement Schedule “A” shall come into force and take effect on the date of its final passage.

6. The permission herein to allow the said encroachment on the existing road allowance shall terminate upon destruction or demolition of the said structure.

**READ AND PASSED, SIGNED AND SEALED THE XX DAY OF XXX,
2021.**

Mayor

Clerk

SCHEDULE A TO BY-LAW NO. XX-2021

THIS ENCROACHMENT AGREEMENT made on ____ day of _____, 2021

BETWEEN:

THE CORPORATION OF THE TOWN OF PRESCOTT

(Herein called the "Town")

OF THE FIRST PART

-and-

**Josee & Ashley Davies
O/A Zens Inn**

OF THE SECOND PART

WHEREAS Josee & Ashley Davies is the registered owner the property described as Plan 19 Block 2 Part Lot 13, Town of Prescott, County of Grenville (herein the "lands"), and known as Assessment Roll No. 0708 020 020 06900 0000;

AND WHEREAS an accessibility ramp entrance was built upon the road allowance known as 232 King Street West which encroaches (herein the "Encroachment") onto the road allowance known as King Street West, shown on the Existing Entrance Plan, which Encroachment is more particularly shown on attached hereto;

AND WHEREAS the Owner has made an application to maintain the Encroachment on the Lands in the position they now stand for the lifetime of the said Encroachment, subject to the execution by the Town of this Agreement and the terms, clauses and conditions hereinafter set forth;

NOW WITNESSETH THIS AGREEMENT that in consideration of the premises herein contained, the Town and the Owner agree as follows:

1. That the Town grants the Owner permission to maintain the Encroachment onto the road allowance known as King Street West in the location shown on the Existing Entrance Plan attached hereto for the lifetime of the said Encroachment, subject to the terms, clauses and conditions herein contained.
2. The owner of the lands as herein described shall pay the Corporation of the Town of Prescott a fee of one dollar (\$1.00) per annum for the use of the said part of the road allowance known as King Street West along the southernly

property line of said property and such fee shall form a charge upon the lands, payable in like manner as taxes.

3. The Owner covenants and agrees to indemnify and save harmless the Town from and against all costs, charges, expenses, suits, claims, losses and damages arising out of any injury, personal claim or property damage occasioned by the said Encroachment or by any losses which the Town may sustain, incur or for which the Town may be liable in consequence of the said Encroachment and the passing of this by-law.
4. The Owner hereby covenants to place insurance on said Encroachment in the joint names of the Town and the Owner for public liability in the amount of not less than TWO MILLION DOLLARS (\$2,000,000.00). The said insurance may be included in the Owner's insurance of the Lands but must show the interest of the Town with respect to the public liability claims arising by reason of the said Encroachment on the Encroached Lands and the matters referred to in Paragraph 3 hereof.
5. The Owner covenants and agrees to remove the Encroachment at the expense of the Owner in the event that acting reasonably the Town requires its removal for any reason whatsoever, and without limiting the generality of the foregoing, the Owner will remove the Encroachment at his/her own expense in the event that the Town is of the opinion that the Encroachments are unsafe or access is required by the Town.
6. This Agreement shall not be interpreted as granting exclusive use of the Encroachments, the Encroached Lands or any part of the said Encroachment to the Owner.
7. The Owner acknowledges no ownership interest in any part of the Encroachment on to the road allowance known as King Street West.
8. The Owner hereby covenants that in the event of the sale of the Land, it will notify the Town of any change in ownership. Upon so doing and upon the transferee/purchaser entering into an agreement with the Town similar to this Agreement, providing proof of insurance and otherwise complying with the provisions of such Agreement, the Owner will be thereupon released from all obligations under this Agreement. In that event, the Town shall provide the appropriate release of its interest in the Owner insurance policy.
9. This agreement shall be binding upon and ensure to the benefit of the parties to this Agreement and their respective heirs, executors, administrators, successors and assigns.
10. That this by-law be registered on title in the local Land Registry Office pursuant to the *Municipal Act*.
11. This by-law shall come into force and take effect on the date of its final passage.

12. The permission herein to allow the said encroachment on to the existing road allowance known as King Street West shall terminate upon destruction or demolition of the said structure.

Signed and sealed by the parties hereto have set their hands and seals personally or by their proper signing officers on the dates noted:

By the Corporation of the Town of Prescott this _____ day of _____, 2021

Corporation of the Town of Prescott

Mayor

Clerk

By the Owner, this _____ day of _____, 2021.

**Josee and Ashley Davies
O/A Zens Inn**

Name:
Title:



		Date Req'd
Information Purposes		
Policy / Action Req'd	X	Feb. 16 '21
Strategic Plan		

REPORT TO COUNCIL

Date: February 16, 2021

Report No. 19-2021

From: Dana Valentyne, Economic Development Officer

RE: Digital Main Street Program Extension Opportunity & Update

Recommendation:

That Council approve a one-month extension to the Digital Main Street Program Coordinator position and subsequent funding support through the Grenville CFDC Community Economic Development Funding Program, for the period of March 1 to March 31, 2021.

Background:

Program Extension Opportunity:

Prescott has received funding through the Digital Main Street Program to deliver the Digital Service Squad program to businesses, in partnership with the Townships of Augusta and Edwardsburgh Cardinal. Program partners have since employed Justin St. Pierre in the position of Digital Service Squad Coordinator to deliver the program under a contract position from Oct 2020 – Feb 2021.

Business supports offered through the Digital Main Street Program have included a Digital Transformation Grant (DTG) in the amount of \$2,500 to implement digital marketing and technology recommendations, FutureProof (Digital Business Transformation Teams), ShopHere website development, Digital Main Street training/development programs and program partner resources e.g., Google, Shopify, Facebook, and Square.

The response from businesses for both the program and our DSS Squad Coordinator have been very positive. Many businesses are providing video testimonials and images to support ongoing program marketing efforts. Several businesses have begun implementing digital marketing activities and are already seeing positive results in areas including awareness, new & repeat customer attraction, and increased sales. The program is also being implemented with great success on a regional basis, in partnership with municipalities/townships throughout Leeds Grenville County.

		Date Req'd
Information Purposes		
Policy / Action Req'd	X	Feb. 16 '21
Strategic Plan		

The overwhelmingly positive program response has led to the development of a new funding opportunity through the Grenville CFDC, to provide wage related supports for the extension of the coordinator positions until March 31st, 2021, for Municipal Partners within their catchment area.

Staff commenced with the preparation and submission of an application for funding, which was subsequently approved in the amount of \$4,300, to cover wage and associated benefits costs.

Analysis:

Program & Business Participation Update:

DSS Squad Member, Justin St. Pierre has been extremely successful in engaging businesses to participate in various Digital Main Street program streams to-date. The following tables provide a summary of business contacts and program participation levels.

	Total Identified Businesses (DSS/DTG)	Total Eligible Businesses (DTG)	In-Person Marketing Contacts	Email Marketing Contacts	Registered (All Programs)	Engaged (All Contacted)
Augusta	17	5	12	18	8	15
Edwardsburgh Cardinal	23	9	16	35	16	22
Prescott	75	68	44	196	42	58
TOTAL	115	82	72	249	66	95

	Registered (Completed Assessment)	DTG Application Started	DTG Application Submitted	DTG Application Approved	Future Proof	ShopHere
Augusta	8	2	1	0	3	3
Edwardsburgh Cardinal	16	6	1	1	1	5
Prescott	42	25	16	15	6	12
TOTAL	66	33	18	16	10	20

The Coordinator will continue to engage partner community businesses in available program streams throughout the project extension period, aside from the DTG program

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Information Purposes		
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Strategic Plan		

which is now closed, and provide ongoing supports to businesses who have been engaged to-date.

Key activities will include:

- Continuation of Digital Transition Support
 - Businesses will start/continue their Digital Transformation. Businesses will work with DSS to create/implement a DTP with or without DTG support.
- Develop a Digital Resource Library for local businesses
 - Resource library will be established to provide easy access to how-to and why-to materials for businesses.
- Support additional "why-to" webinars to encourage local businesses to undertake their own Digital Transformation.
 - 1-2 additional why-to webinars will be hosted, highlighting local businesses, and marketing the DMS program and resources in the community.
- Business Promotion/Success Story Campaign
 - Establishing a spotlight/success story campaign highlighting local businesses who have completed DMS programming, providing additional marketing for both the programs and local participating businesses.
- Business Retention and Growth Support
 - Provide direct support to local businesses requiring ongoing assistance relating to business development, funding, marketing, and Covid/macro challenges.
- Business Promotion/Local Business Resources Campaign
 - Develop, brand, and implement a campaign to promote on-going business resources to local businesses.
- Develop a "Business after 5" podcast series
 - Develop, brand, and implement a series of short audio podcasts highlighting local businesses, business tools, and area economic development efforts.

Council is also encouraged to review the project website; developed by the Coordinator, to provide businesses with a one-window view of available programs and development resources. The website includes Digital Main Street Program information/links and a variety of resources developed by the coordinator to-date, such as Webinars, Podcasts, and business guides.

Project Website: <https://sgdss.weebly.com/>

Prescott Digital Transformation Grant (DTG):

Prescott Council approved a grant program to support Prescott businesses deemed ineligible for the Province funded DTG program because of their zoning/location. As a result of ongoing lobbying/consultation between Town staff and Digital Main Street representatives, most targeted businesses have since been deemed eligible to apply for



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the Province funded Digital Transformation Grant (DTG), that were previously declined based on location/zoning concerns.

This has reduced the need for Prescott's businesses to apply to the Town funded DTG program, developed to support businesses deemed ineligible for the Province funded program.

To-date two businesses including European Quality Foods/EI Reboast and the St. Lawrence Shakespeare Festival, have been approved for \$2,500 in funding through the Town's program. One additional application is currently pending from another business.

Alternatives:

None

Financial Implications:

The anticipated financial implication to the Town will be minimal for the extension of the Digital Main Street Program. Wages/benefits totaling \$4,300 will be funded in full through the Grenville CFDC CED Fund. Associated programming costs described above are not anticipated to exceed \$1,500-\$2,000; a significant portion of which will be funded through the extended Digital Main Street Program funding. The Coordinator's labor to continue providing one-on-one program supports to businesses, accounts for the primary expense during the extended project period.

Attachments:

None

Submitted By:

Dana Valentyne
Economic Development Officer

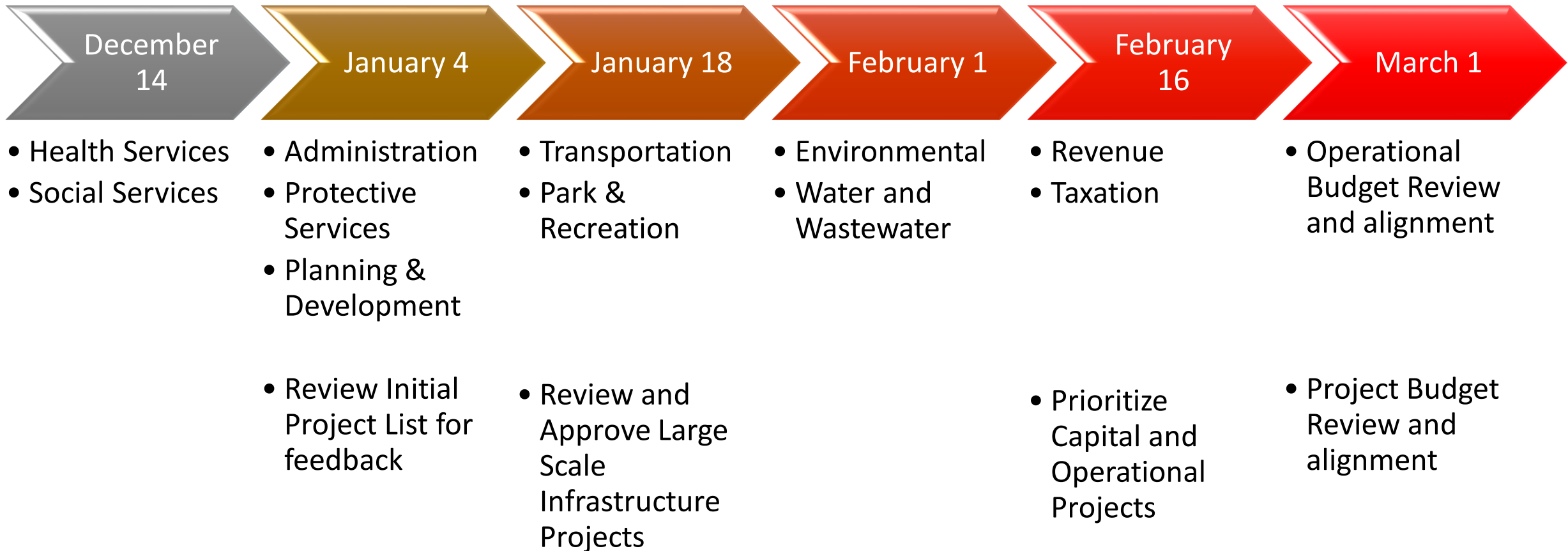
2021 Operations Budget – February 16, 2021



Topics

- Budget Timelines
- Tourism and Economic Development Budgets
- Fees & Revenue
- Taxation
- Budget Overview

Budget Timeline



Expense Budgets

- Economic Development
- Tourism

Economic Development and Tourism

	2020 Budget	2020 Projection	2021 Budget	Budget to Budget	Budget to Projection	Notes	Transfer to Reserves
Ec Dev	217,893	197,611	234,281	16,388	36,670	Digital Main Street Project	-
Tourism	193,800	90,293	175,434	(18,366)	85,141	Revenue decrease offset	-
Total	411,693	287,904	409,715	(1,978)	121,811		-
% Change				(0.5%)	+42.3%		

Fees & Revenue

- Administration
- Protective Services
- Transportation & Environmental
- Health & Social Services
- Parks & Recreation
- Planning & Development

Administration Revenue

	2020 Budget	2020 Projection	2021 Budget	Budget to Budget	Budget to Projection	Notes	From Reserves
OMPF	1,552,300	1,552,300	1,588,400	36,100	36,100	As per notice	
Marriage	8,500	2,100	2,100	(6,400)	-	Possible COVID offset	
Lottery	5,500	2,901	2,900	(2,600)	(1)	Possible COVID offset	
Admin Fees	20,000	1,742	1,900	18,100	158	Possible COVID offset	
Dividends	57,100	57,047	57,100	-	53	RSL Earnings Share	
Short Term Int.	100,000	55,058	10,000	(90,000)	(45,058)	Possible COVID offset	
Ceremonies	6,400	3,406	3,400	(3,000)	(6)	Possible COVID offset	
Death Cert.	1,200	1,700	1,700	500	-		
Oaths	500	280	300	(200)	20		
Interest Taxes	120,000	90,937	90,000	(30,000)	(937)		
Tax Cert.	1,900	2,440	2,400	500	(40)		
Total	1,873,400	1,770,043	1,760,300	(113,100)	(9,743)		-
COVID Funding	-	160,000	159,900	159,900	(100)		

Protective Services Revenue

	2020 Budget	2020 Projection	2021 Budget	Budget to Budget	Budget to Projection	Notes	From Reserves
Fire	71,000	80,059	100,600	29,600	20,541	Aid Agreements Increase	30,000
Police	37,900	32,563	32,700	(5,200)	137	Decrease is criminal checks revenue	-
Protective	14,550	19,017	14,825	275	(4,192)	One time cost recovery	-
Building	40,300	89,847	40,900	600	(48,947)	One time cost recovery	-
Provincial Off	31,232	15,037	14,805	(16,427)	(232)	Effect of COVID	-
Total	194,982	236,524	203,830	8,848	(32,694)		30,000

Transportation & Environmental Services Revenue

	2020 Budget	2020 Projection	2021 Budget	Budget to Budget	Budget to Projection	Notes	From Reserves
Roads - Paved	268,958	272,026	272,026	3,068	-	OCIF Funding Allocation	-
Traffic	100	181	100	-	(81)		-
Parking Lots	3,000	4,773	4,500	1,500	(273)	Parking Permit sales	-
Waste Collect	154,350	183,166	183,100	28,750	(66)	Increase in volume	-
Waste Divert	37,750	36,759	35,820	(1,930)	(939)	Provincial Grant	-
Total	464,158	496,905	495,546	31,388	(1,359)		-

Health & Social Services Revenue

	2020 Budget	2020 Projection	2021 Budget	Budget to Budget	Budget to Projection	Notes	From Reserves
Health Centre	20,600	9,350	1,650	(18,950)	(7,700)	Assumes sale at March 31	
St. Law Lodge	81,000	81,936	81,500	500	(436)		
Total	101,600	91,286	83,150	(18,450)	(8,136)		-

Parks & Recreation Revenues

	2020 Budget	2020 Projection	2021 Budget	Budget to Budget	Budget to Projection	Notes	From Reserves
Walker House	65,400	48,700	64,000	(1,400)	15,300	One time grant	-
Rec – Programs	6,500	1,928	-	(6,500)	(1,928)		-
Marina	355,570	335,790	355,570	-	19,780	Break Even	-
Pool	14,100	-	14,100	-	14,100	To be determined	-
Community Ctr	10,000	3,664	-	(10,000)	(3,664)	To be determined	-
Library	177,220	173,270	177,918	698	4,648		-
Total	628,790	565,927	611,588	(17,202)	45,661		-

Planning & Development Revenues

	2020 Budget	2020 Projection	2021 Budget	Budget to Budget	Budget to Projection	Notes	From Reserves
Plan & Develop	3,000	1,500	3,000	-	1,500		-
Cmt of Adjust	3,750	3,000	3,750	-	750		-
Ec Dev	35,000	45,077	45,255	10,255	178	Digital Main Street Project	-
Tourism	18,500	-	-	(18,500)	-	ATOP, Lighthouse expense offset	-
Total	60,250	49,577	52,005	(8,245)	2,428		-

Total Operations Revenues not including Property Taxes

	2020 Budget	2020 Projection	2021 Budget	Budget to Budget	Budget to Projection	Notes	From Reserves
Administration	1,873,400	1,770,043	1,760,300	(113,100)	(9,743)		-
Protective	194,982	236,524	203,830	8,848	(32,694)		30,000
Trans & Enviro	464,158	496,905	495,546	31,388	(1,359)		-
Health & Social	101,600	91,286	83,150	(18,450)	(8,136)		-
Parks & Rec	628,790	565,927	611,588	(17,202)	45,661		-
Planning & Dev	60,250	49,577	52,005	(8,245)	2,428		-
Total	3,323,180	3,210,261	3,206,419	(116,761)	(3,842)		30,000
COVID Funding	-	160,000	159,900	159,900	(100)		-

Property Taxation

- Assessment Changes Year over Year
- Tax Ratios
- Taxes by Property Class

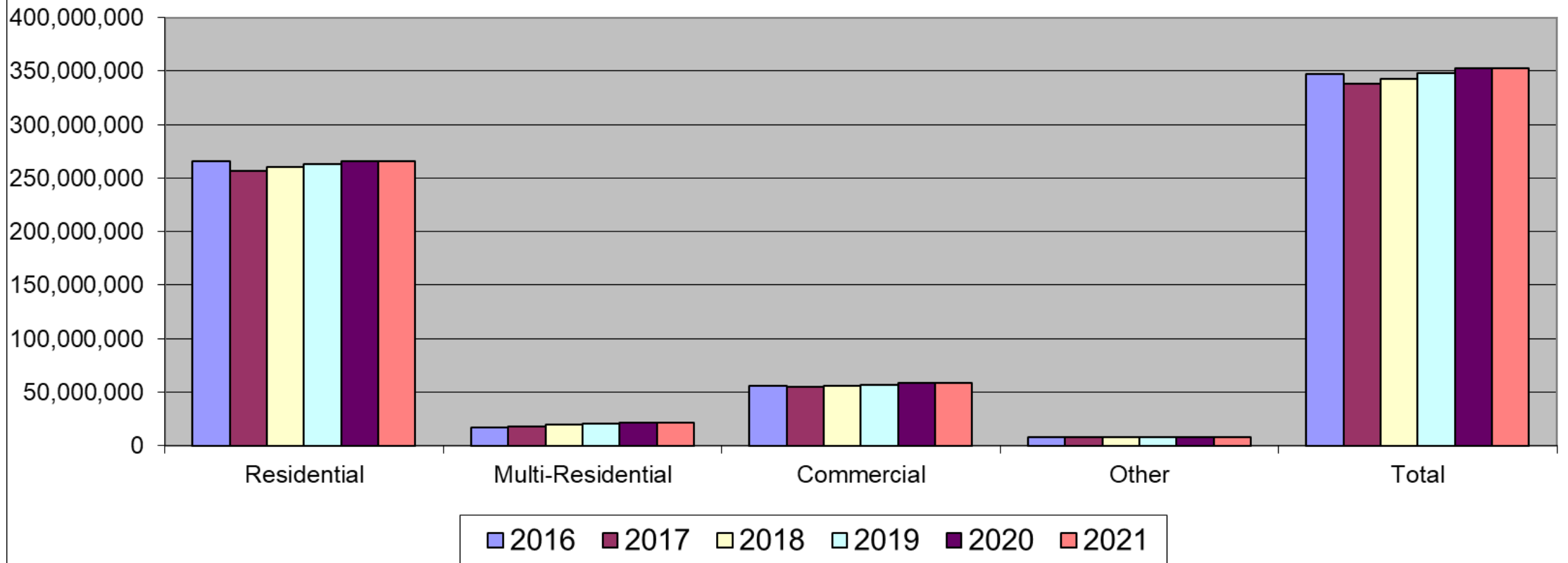
Assessment Change

- 2013-2016 Property Taxes were based on the 2012 Current Value Assessment
- 2017-2021 Property Taxes are based on the 2016 Current Value Assessment – Planned reassessment for 2021 was deferred by province, therefore no growth in assessment values from 2020 to 2021

Property Class	2016	2017	2018	2019	2020	2021
Residential	265,611,383	257,157,208	260,004,779	262,852,341	265,699,900	265,699,900
Multi-Residential	17,295,000	18,302,425	19,309,850	20,317,275	21,324,700	21,324,700
Commercial	55,804,372	54,989,288	56,088,496	57,187,698	58,286,900	58,286,900
Other	8,398,409	7,543,583	7,605,722	7,667,861	7,730,000	7,730,000
Total	347,109,164	337,992,504	343,008,847	348,025,175	353,041,500	353,041,500

Assessment Change

2016-2021 Assessment Patterns (Taxable & PIL)
Prescott Town



Tax Ratios

Tax Class	2020 Tax Ratios	Assessment Change	Revenue Neutral	Recommendation
Residential	1.000000	-	1.000000	1.000000
Multi-Residential	1.504757	-	1.504757	1.504757
Commercial	1.894162	-	1.894162	1.894162
Industrial*	2.630000	-	2.630000	2.630000
Pipelines	1.377180	-	1.377180	1.377180

*If the Industrial Tax Ratio is higher than 2.630000 then capping is required

Municipal Taxes by Property Class based on 0.00% Increase not including Education Taxes

	2020	2020	Change	% Change	Tax Ratio
Residential	\$3,616,969	\$3,616,969	-	-	1.000000
Multi-Residential	\$436,872	\$436,872	-	-	1.504757
Commercial – Occupied	\$1,216,443	\$1,216,443	-	-	1.894162
Commercial – Excess Land	\$8,761	\$8,761	-	-	1.325913
Commercial – Vacant Land	\$20,873	\$20,873	-	-	1.325913
Industrial – Occupied	\$217,588	\$217,588	-	-	2.630000
Industrial – Excess Land	\$2,616	\$2,616	-	-	1.709500
Industrial – Vacation Land	\$7,978	\$7,978	-	-	1.709500
Pipelines	\$22,462	\$22,462	-	-	1.377180
Total	\$5,550,563	\$5,550,563	-	-	

Property Tax Change by Class including Education Taxes based on a 0% increase

Description	2020 CVA	2021CVA	%CVA Change	2020 Total CVA Taxes	2021Total CVA Taxes	\$ Tax Change	% Tax Change
Single Family Home	153,000	153,000	0.00%	2,317.12	2,317.12	0.00	0.00%
Residential Condominium Unit	152,000	152,000	0.00%	2,301.98	2,301.98	0.00	0.00%
Apartment Building	849,000	849,000	0.00%	18,692.14	18,692.14	0.00	0.00%
Small Office Building	76,000	76,000	0.00%	2,909.91	2,628.71	-281.20	-9.66%
Small Retail Commercial Property	200,000	200,000	0.00%	7,657.65	6,917.65	-740.00	-9.66%
Standard Industrial Property	405,000	405,000	0.00%	19,564.09	18,065.59	-1,498.50	-7.66%

*Decrease in commercial and industrial property taxes is due to a reduction in education rates for those classes

Budget Overview and Updates

Budget Overview and Updates

	2021 Budget	Notes	Reserves
Revenues			
Fees and Revenue	3,206,419		30,000
Property Taxation	5,550,563	At zero percent increase	-
Payments in Lieu and Supplemental	355,000		-
COVID Grant Funding	159,900		
Subtotal Revenue	9,271,882		30,000
Expenses			
Health Services	332,368		-
Social Services	763,072		-
Administration	1,296,514		255,517
Protective Services	2,190,772	Decrease in reserve contribution offset by debt payment	30,000
Planning	72,840		-
Transportation	2,278,325		37,500
Parks & Recreation	1,592,280		367,485
Environmental	376,200		7,700
Joint Services Adjustment	(25,039)		-
Ec Dev & Tourism	409,715		-
Fire Chief Adjustment	29,600		-
St. Lawrence Lodge Adjustment	(1,359)		-
Subtotal Expenses	9,315,289		668,202
Net	(43,407)	Net amount equates to 0.78% property tax rate increase	638,202
		Have included 1% increase in infrastructure reserve contribution	
Water and Sewer Revenue	2,931,022		-
Water and Sewer Expense	2,931,022	Page 96 of 111	551,538
Net	-		551,538

Next Budget Meeting – March 1, 2021

Topics

- Council Remuneration Survey
- Operational Budget Alignment with Strategic Plan and Service Delivery Review
- Project Budget Alignment with Strategic Plan and Service Delivery Review

2021 Project Prioritization – February 16, 2021



Health & Safety or Regulatory Projects

Description	Project Type	Estimated Cost	Notes	Staff Priority	Council 1	Council 2	Council 3	Council 4	Council 5	Council 6
Fire Department replacement gear	Health & Safety	30,000	Ongoing replacement plan, Health and Life Safety	Mandatory						
Park Play Structures	Health & Safety	10,000	Evaluate and address deficiencies	Mandatory						

Building & Equipment Replacement/Renovations

Description	Project Type	Estimated Cost	Notes	Staff Priority	Council 1	Council 2	Council 3	Council 4	Council 5	Council 6
Pool Pump and Filter Replacement	Replacement	25,000	Required in 2021 if pool is opening otherwise 2022	Yes				7		
Renovations to the older portion of the Town Operations Building	Renovations	20,000								
Replacement of 1 Ton Truck	Replacement	100,000	In 2021 or 2022 at the latest							

Community Support Projects

Description	Project Type	Estimated Cost	Notes	Staff Priority	Council 1	Council 2	Council 3	Council 4	Council 5	Council 6
CIP Program Support – Economic Stimulant	Support	50,000	Reduced from \$75,000	Yes			3			
Brockville General Hospital Project Support Under One Roof Project	Support	30,000	\$30,000 paid in 2018, 2019, 2020	Yes	1		4			

Waterfront Projects

Description	Project Type	Estimated Cost	Notes	Staff Priority	Council 1	Council 2	Council 3	Council 4	Council 5	Council 6
Mural at Beach	Addition	3,000	To run along Coast Guard lot to hide yard	Yes		4			7	Group
Add docks for non-motorized watercraft	Addition	10,000	In marina, Centennial Park or at Boat Ramp	Yes					7	Group
Trees on King Street and Riverwalk Park	Replacement & Addition	15,000		Yes	2			1	7	Group
Expand the Beach	Expansion	400,000	sanitary sewer is removed and area is sloped to water which would be too steep for a beach							Group
Expand the Beach	Expansion	500,000	build a retaining wall which would reduce the slope to the water and create a 20 foot wide strip of beach							Group
Expand the Beach	Expansion	25,000	Install a set of stairs on the west side of Kelly's Bay to allow water entry from the grassy area	Yes		3			6	Group
Renovation of Lighthouse	Renovation	25,000				5				Group
New Boat Launch East of Marina with paid parking lot for trailers	Addition	100,000							1	Group
Connection of 2 parking lots east of marina to allow for overnight and boat trailer parking. No overnight RV parking.	Addition	20,000		Yes			6	5	1a	Group
Repurpose and renovate the old Water Treatment Plant building	Renovation	Unknown	Purpose needs to be identified							Group

Active Transportation Projects

Description	Project Type	Estimated Cost	Notes	Staff Priority	Council 1	Council 2	Council 3	Council 4	Council 5	Council 6
Add new shelter / gazebo in Centennial Park	Addition	25,000	Included in Active Transportation Improvement Project	Yes				2	2	
Add new shelter / gazebo in Riverwalk Park	Addition	25,000	Included in Active Transportation Improvement Project	Yes			2	1	2	
Install Solar Lights along Heritage Trail	Addition	45,000	In conjunction with Active Transportation Improvements Project	Yes			1		2	
Upgrade the waterfront trail from St. Lawrence Street to the Water Treatment plant with interlock stone	Replacement		250 Metres, repairs will be part of active transportation project	Repairs 2021					Cost?	
Upgrade the waterfront trail from Riverwalk Park to George Street to interlock stone	Replacement		120 Metres, repairs will be part of active transportation project	Repairs 2021						
Paving of Heritage Trail	Replacement		Repairs will be part of active transportation project	Repairs 2021						

Downtown Projects

Description	Project Type	Estimated Cost	Notes	Staff Priority	Council 1	Council 2	Council 3	Council 4	Council 5	Council 6
Downtown Beautification Plan	Planning	50,000	Build on previous plan, establish work plan - BIA Priority	Yes		1		3	5	Group
Replacement of sidewalk on the south side of King Street from St. Lawrence Street to the entrance of the Coast Guard Building	Replacement	10,000 in house 25,000 Contracted Out	Alternatively, staff can re-lay sidewalk to remove pooling area (50m length)	Yes	3					Group
Create a downtown revitalization fund for yearly improvements	Reserve Fund	Variable	Recommended to be created after plan is developed (2022)							Group

Recreation and Culture Projects

Description	Project Type	Estimated Cost	Notes	Staff Priority	Council 1	Council 2	Council 3	Council 4	Council 5	Council 6
Establish a formal pathway from the corner of MacKenzie / Fischl to the Grocery Store / Canadian Tire	Addition	25,000	Working to secure land for project				5	6		
Dog Park	Addition	25,000	Strategic Priority, location to be decided could be part of Recreation Complex	Decide on location in 2021	6			4	3	
Install a gravel parking lot at the end of Howe Terrace	Addition	20,000	If this location was selected as spot for dog park							
Replacement of H Dock at marina	Replacement	75,000	Funded by marina reserve	Yes	4	2			4	
Rejuvenation and improvements to Prince Street Soccer Fields	Renovate	25,000	New soccer fields included in Recreation Complex Project							
Rejuvenation of Kriska Ball Fields (Fence-lights-grass)	Renovate	50,000	Pending outcome of Recreation Complex grant application							
Rejuvenation and repurpose of the courts at the high school for pickle ball in partnership with the School Board	Renovate	50,000	Explore partnership		5					
Add tennis facilities to recreation complex	Addition	150,000								
Establish a formal pathway from Boundary Street to Howe Terrace	Addition	Over \$100,000 depends on material used	550 metres							
Run a Bicycle / Passenger Ferry Pilot Project	Addition	10,000	Not recommended for 2021							
Establish a bicycle rental program	Addition	5,000	Not recommended for 2021							
Install linkages and wayfinding for walking paths	Addition		Could be considered after Active Transportation Improvements and Wayfinding study			6				

New Equipment Projects

Description	Project Type	Estimated Cost	Notes	Staff Priority	Council 1	Council 2	Council 3	Council 4	Council 5	Council 6
New Plow for loader	Addition	15,000		Yes					4	
Replacement and additional barricades, traffic safety supplies, and signage for traffic control	Replacement and Addition	7,500		Yes					4	
Life gate for ¾ ton truck to assist with loading and unloading equipment	Addition	10,000		Yes					4	
Backhoe Quick Attachments	Addition	5,000		Yes			7		4	
Roofing Structure between Seacans at Operations Building to create additional covered storage area	Addition	10,000		Yes			8		4	
Custom covered box for 1 ton truck for wood chipping operations	Addition	12,000							Options?	
Add Seadoo floating docks at the marina	Addition	20,000	Pending outcome of dock replacement plan							
Purchase asphalt hot box trailer to improve winter pothole repairs	Addition	40,000								
Asphalt Infrared Heater for Repairs	Addition	55,000	Pending trial and review of alternatives	Determine after review						
Sidewalk Planer for shaving	Addition	40,000	Pending trial and review of alternatives	Determine after review						
Purchase Genie lift to avoid rental of equipment	Addition	120,000							Used?	
Microphone and Sound system for Council Chambers	Addition	15,000	Public Feedback that sound is poor, could be funded through modernization or COVID funding	Yes					Options?	

Repaving Projects

Description	Project Type	Estimated Cost	Notes	Staff Priority	Council 1	Council 2	Council 3	Council 4	Council 5	Council 6
Repaving of parking lot behind Walker House	Replacement	100,000								
Repairs to Edward Street North	Replacement		Need to determine area of scope							

Next Step – March 1, 2021

Topics

- Project funding sources for priority projects
- Project Budget Alignment with Strategic Plan and Service Delivery Review

**THE CORPORATION OF THE
TOWN OF PRESCOTT**

BY-LAW NO. 07-2021

**A BY-LAW TO ADOPT THE PROCEEDINGS OF THE COUNCIL
MEETING HELD ON FEBRUARY 16, 2021**

WHEREAS, Section 5(3) of *the Municipal Act, 2001 S.O. 2001, c.25, as amended*, provides that Council's powers shall be exercised by by-law; and

WHEREAS certain actions of Council do not require the enactment of a specific by-law;

NOW THEREFORE BE IT RESOLVED THAT, the Council of the Corporation of the Town of Prescott enacts as follows:

1. Subject to Paragraph 3 of this by-law, the proceedings of the above-referenced Council meeting, including all Resolutions, By-laws, Recommendations, Adoptions of Committee Reports, and all other motions and matters decided in the said Council Meeting are hereby adopted and confirmed, and shall have the same force and effect, as if such proceedings were expressly embodied in this by-law.
2. The Mayor and Clerk are hereby authorized to execute all such documents, and to direct other officials of the Town to take all other action, that may be required to give effect to the proceedings of the Council Meeting referred to in Paragraph 1 of this by-law.
3. Nothing in this by-law has the effect of conferring the status of a by-law upon any of the proceedings of the Council Meeting referred to in Paragraph 1 of this by-law where any legal prerequisite to the enactment of a specific by-law has not been satisfied.
4. Any member of Council who complied with the provisions of Section 5 of the Municipal Conflict of Interest Act, R.S.O. 1990, Chapter M.50 respecting the proceedings of the Council Meeting referred to in Paragraph 1 of this by-law shall be deemed to have complied with said provisions in respect of this by-law.

READ AND PASSED, SIGNED AND SEALED THE 16th DAY OF FEBRUARY, 2021.

Mayor

Clerk